

BAKER COUNTY DEVELOPMENT COMMISSION

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2023

BAKER COUNTY DEVELOPMENT COMMISSION
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
BOARD OF DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Governmental Funds Financial Statements:	
Balance Sheet	10
Reconciliation of Balance Sheet to Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances	12
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities	13
Notes to the Financial Statements	14
REQUIRED SUPPLEMENTAL INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual—General Fund	20
ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL:	
Independent Auditors' Management Letter	21
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24
Independent Auditors' Report on Compliance with Section 218.415, Florida Statutes	26
Schedule of Findings	27
Managements' Response to Findings	28

BAKER COUNTY DEVELOPMENT COMMISSION
BOARD OF DIRECTORS
SERVING AS OF SEPTEMBER 30, 2023

BOARD OF DIRECTORS

Ronald Mann, Chair

Daniel Masterson, Treasurer

Polly Gore

Christopher Gazes

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard
Macclenny, Florida 32063

Telephone (904) 259-4307
Fax (904) 259-5102

INDEPENDENT AUDITORS' REPORT

The Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and its major fund information of the Baker County Development Commission (the "Commission") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and its major fund information of the Commission as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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 Commission'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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore, is not a guarantee that an audit conducted in accordance with 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*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-7 and page 19 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2024, on our consideration of the Commission's internal control over financial reporting and on our tests of its

Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

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 effectiveness of the Commission'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 the Commission's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lyons and Lyons, CPAs". The signature is written in black ink and is positioned above the date and location text.

June 12, 2024
Macclenny, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS

This discussion and analysis of the Baker County Development Commission’s financial performance provides an overview of the Commission’s financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the Commission’s financial statements, which follow this section.

The following are various financial highlights for fiscal year 2022-23.

- The Commission’s overall net position decreased by approximately \$46,962.
- Total ending unrestricted net position was approximately \$(36,718).

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the Commission’s activities as a whole and fund financial statements that report on the Commission’s individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Commission’s assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the Commission’s financial health.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Commission’s financial health is improving or deteriorating.

Fund Financial Statements

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

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government’s near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements, and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$1,647,751 at the close of the fiscal year ended September 30, 2023.

	<u>Governmental Activities</u>	
	<u>FY 2023</u>	<u>FY 2022</u>
Current and Other Assets	\$ 23,555	\$ 782,027
Capital Assets	<u>1,684,469</u>	<u>912,686</u>
Total Assets	1,708,024	1,694,713
Current and Other Liabilities	<u>35,273</u>	<u>-</u>
Total Liabilities	<u>35,273</u>	<u>-</u>
Deferred Inflow of Resources	<u>25,000</u>	<u>-</u>
Total Deferred Inflows	<u>25,000</u>	<u>-</u>
Net Position:		
Invested in Capital Assets	1,684,469	912,686
Unrestricted	<u>(36,718)</u>	<u>782,027</u>
Total Net Position	<u>\$ 1,647,751</u>	<u>\$ 1,694,713</u>

Changes in Net Position

The following schedule provides a summary of the changes in net position.

	<u>Governmental Activities</u>	
	<u>FY 2023</u>	<u>FY 2022</u>
Revenues:		
General Revenues:		
Other Taxes	\$ 10,000	\$ 10,000
Interest Income	<u>7,101</u>	<u>2,013</u>
Total General Revenues	17,101	12,013
Expenses:		
Economic Development	<u>64,063</u>	<u>76,302</u>
Total Expenses	<u>64,063</u>	<u>76,302</u>
Changes In Net Position	(46,962)	(64,289)
Net Position-Beginning of Year	<u>1,694,713</u>	<u>1,759,002</u>
Net Position-End of Year	<u>\$ 1,647,751</u>	<u>\$ 1,694,713</u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$17,101 of general revenues incurred \$64,063 of program expenses. This resulted in a \$46,962 decrease in net position.

THE COMMISSION'S GENERAL FUND

The General Fund's fund balance decreased by \$46,962.

BUDGETARY HIGHLIGHTS

General Fund revenues were greater than budgeted amounts by \$6,101 and expenditures were less than budgeted amounts by \$16,787.

CAPITAL ASSETS

The Commission's capital asset of land changed this year after the acquisition of land took place on August 28, 2023. Please refer to the Note 3 to the accompanying financial statements entitled *Changes in Capital Assets* for more detailed information about the Commission's capital asset activity.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the Commission's financial position or results of operations.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Baker County Development Commission at 20 East Macclenny Avenue, Macclenny, FL 32063.

BAKER COUNTY DEVELOPMENT COMMISSION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	<u>Primary Government</u>	
	<u>Governmental</u>	
	<u>Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 23,555	\$ 23,555
Capital Assets:		
Non Depreciable	<u>1,684,469</u>	<u>1,684,469</u>
TOTAL ASSETS	<u>1,708,024</u>	<u>1,708,024</u>
<u>LIABILITIES</u>		
Note Payable	35,000	35,000
Accrued Interest Payable	<u>273</u>	<u>273</u>
TOTAL LIABILITIES	<u>35,273</u>	<u>35,273</u>
DEFERRED INFLOW OF RESOURCES	<u>25,000</u>	<u>25,000</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>60,273</u>	<u>60,273</u>
<u>NET POSITION</u>		
Invested in Capital Assets	1,684,469	1,684,469
Unrestricted	<u>(36,718)</u>	<u>(36,718)</u>
TOTAL NET POSITION	<u>\$ 1,647,751</u>	<u>\$ 1,647,751</u>

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

<u>Functions/Programs</u>	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Economic Development	\$ 64,063	\$ -	\$ -	\$ -	\$ (64,063)
Total Governmental Activities	\$ 64,063	\$ -	\$ -	\$ -	(64,063)
General Revenues:					
Other Taxes					10,000
Interest Income					7,101
Total General Revenues					17,101
Change in Net Position					(46,962)
Net Position-October 1, 2022					1,694,713
Net Position-September 30, 2023					\$ 1,647,751

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	<u>GENERAL</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 23,555	\$ 23,555
TOTAL ASSETS	<u>\$ 23,555</u>	<u>\$ 23,555</u>
<u>LIABILITIES</u>		
Note Payable	\$ 35,000	\$ 35,000
Accrued Interest Payable	273	273
Deposit Payable	<u>25,000</u>	<u>25,000</u>
TOTAL LIABILITIES	<u>60,273</u>	<u>60,273</u>
<u>FUND BALANCES</u>		
Fund Balance:		
Unassigned	<u>(36,718)</u>	<u>(36,718)</u>
TOTAL FUND BALANCES	<u>(36,718)</u>	<u>(36,718)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,555</u>	<u>\$ 23,555</u>

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
RECONCILIATION OF BALANCE SHEET TO STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (36,718)

Amounts reported for governmental activities in the statement of net position
are different because:

Capital assets used in governmental activities are not reported in the
governmental funds.

Capital Assets 1,684,469

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 1,647,751**

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>GENERAL</u>	<u>TOTAL GOVERNMENTAL</u>
<u>REVENUES</u>		
Other Taxes	\$ 10,000	\$ 10,000
Interest Income	<u>7,101</u>	<u>7,101</u>
TOTAL REVENUES	<u>17,101</u>	<u>17,101</u>
<u>EXPENDITURES</u>		
Current:		
Economic Development	<u>64,063</u>	<u>64,063</u>
TOTAL EXPENDITURES	<u>64,063</u>	<u>64,063</u>
NET CHANGE IN FUND BALANCES	(46,962)	(46,962)
FUND BALANCES - October 1, 2022	<u>1,694,713</u>	<u>1,694,713</u>
FUND BALANCES - September 30, 2023	<u><u>\$ 1,647,751</u></u>	<u><u>\$ 1,647,751</u></u>

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO STATEMENT OF ACTIVITIES-GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS	\$ (46,962)
---	--------------------

In the statement of activities, only the gain on the sale of land is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the cost of the land sold.

_____ -

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (46,962)</u>
--	---------------------------

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Baker County Development Commission (the Commission) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The Commission is a special district established under the legal authority of Florida Law. Its purpose is to perform such acts as shall be necessary for the sound planning for, and development of, Baker County, Florida. It is composed of a seven-member board appointed by the Governor, one from each of the County Commissioner districts and two members from the County at large. As of September 30, 2023, only four board seats were occupied.

The accompanying financial statements include all funds and account groups that are controlled by, or are dependent on the Commission.

A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended component units, although legally separate entities, are in substance part of the primary government's operations and, accordingly, data from these units would be combined with data of the Commission. There are no blended component units included in the Commission's financial reporting entity. Discretely presented component units, on the other hand, would be reported in separate columns to emphasize that they are legally separate from the Commission. There are no discretely presented component units included in the Commission's financial reporting entity.

There were no entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded from the Commission's financial statements.

The Commission did not participate in any joint ventures during the current fiscal year.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Commission.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The Commission has presented the following major governmental fund (the Commission did not have any non-major funds):

General Fund – The General Fund is the primary operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

Fund Balance

The Commission follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Commission's highest level of decision-making authority, which is a policy of the Commission. Committed amounts cannot be used for any other purpose unless the Commission removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) Commission or (b) a body or official to whom the Commission has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance (concluded)

The Commission's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Measurement Focus and Basis of Accounting

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 a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related liability is incurred. Debt service expenditures are recorded when payment is due.

Budgets and Budgetary Accounting

The Commission adopts an annual budget for the General Fund. The following procedures are used in establishing the budgetary data reflected in the financial statements:

On or before the first part of September, the Executive Director submits to the Board a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted to obtain taxpayer comments.

Usually prior to October 1st, the budget is legally enacted by Board approval.

Any revision that alters total expenditures of any fund or to transfer budgeted amounts between departments within any fund must be approved by the Board. Budgetary control is maintained at the department level. The fund is the legal level of control. Budgetary data presented in the accompanying financial statements represent the "final" budget data; i.e., the effects of budget amendments have been applied to "original" budgetary data.

The budget amounts presented in the accompanying financial statements were prepared on the modified accrual basis of accounting.

All budget changes during the fiscal year are approved by the Board.

Appropriations lapse at the end of the fiscal year.

Budgets are adopted for the General Fund on a basis that does not differ materially from accounting principles generally accepted in the United States. In accordance with Section 166.241, Florida Statutes, expenditures did not exceed budget appropriations for the 2022-2023 fiscal year.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Commission.

Cash and Cash Equivalents

For purposes of the statement of net position, all highly liquid investments, including restricted cash, are considered to be cash equivalents.

Deposits with Financial Institutions

All cash resources and certificates of deposit of the Commission are placed in banks that qualify as public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required to deposit with the State Treasurer eligible collateral equal to or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that Commission funds are entirely collateralized throughout the fiscal year.

Capital Assets

The Commission defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. The capital assets owned by the Commission consist exclusively of land which is not depreciated.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislations adopted by the Commission or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – INVESTMENTS

The Commission invests excess public funds pursuant to the guidelines established in Section 218.415, Florida Statutes. Accordingly, the Commission is authorized to invest excess public funds in the following instruments: The Local Government Investment Pool; Securities and Exchange Commission registered money market funds with the highest credit quality rating; savings accounts and certificates of deposits in qualified public depositories; direct obligations of the U.S. Treasury; and Federal agencies and instrumentalities.

The Commission is exposed to the following risks associated with its investment portfolio:

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest Risk – the risk that changes in interest rate will adversely affect the fair value of an investment.

The Commission does not have a formal investment policy relating to the aforementioned risks, other than Section 218.415, Florida Statutes, for investing public funds. That statute limits the Commission's exposure to credit risk and interest rate risk by limiting authorized investment options as previously described.

NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal-year ending September 30, 2023, follows:

	Balance October 1,	Additions	Deletions	Balance September 30,
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated				
Land	\$ 912,686	\$ 771,783	\$ -	\$ 1,684,469
Total Capital Assets Not Being Depreciated	<u>\$ 912,686</u>	<u>\$ 771,783</u>	<u>\$ -</u>	<u>\$ 1,684,469</u>

NOTE 4 – NOTE PAYABLE

Note payable consist of one note, dated August 28, 2023, to First Federal Bank due in one payment of \$35,000, plus accrued interest at 8.5%. The note matures on February 28, 2024. The balance of the note as of September 30, 2023 is \$35,000 and is considered to be short-term.

NOTE 5 – DEFERRED INFLOW OF RESOURCES

Resources that do not meet revenue recognition requirements (not earned) are recorded as Deposit Payable in the Commission's financial statements.

NOTE 6 – RISK MANAGEMENT

The Commission maintains insurance coverage for liabilities associated with owning vacant land and risks associated with errors and omissions of its governing body.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 7 – RELATED PARTIES

The Commission has no employees. For certain management, finance and administrative services, the Commission renewed an annual agreement with the Baker County Chamber of Commerce to provide such services. The Commission paid \$20,000 for these services for the year ended September 30, 2023.

NOTE 8 – OTHER INCOME

During the year the Commission had no other sources of income.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 12, 2024, the date which the financial statements were available to be issued. A contract was entered into on September 15, 2023 by the Commission to sell real property, including a nonrefundable deposit in the amount of \$25,000 as reflected on the financial statements. This transaction closed on December 14, 2023. Accordingly, the Commission paid the outstanding note payable as of September 30, 2023, \$35,000 plus accrued interest of \$273 on December 14, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

BAKER COUNTY DEVELOPMENT COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	
<u>REVENUES</u>				
Other Taxes	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Interest Income	1,000	1,000	7,101	6,101
TOTAL REVENUES	<u>11,000</u>	<u>11,000</u>	<u>17,101</u>	<u>6,101</u>
<u>EXPENDITURES</u>				
Current:				
Economic Development	60,825	80,850	64,063	16,787
TOTAL EXPENDITURES	<u>60,825</u>	<u>80,850</u>	<u>64,063</u>	<u>16,787</u>
 NET CHANGE IN FUND BALANCE	 (49,825)	 (69,850)	 (46,962)	 22,888
 FUND BALANCES - OCTOBER 1, 2022	 <u>1,694,713</u>	 <u>1,694,713</u>	 <u>1,694,713</u>	 <u>-</u>
 FUND BALANCES - SEPTEMBER 30, 2023	 <u>\$ 1,644,888</u>	 <u>\$1,624,863</u>	 <u>\$1,647,751</u>	 <u>\$ 22,888</u>

Notes to Budgetary Comparison Schedules

The preparation, adoption, and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared and adopted on a basis that does not differ materially from accounting principles generally accepted in the United States of America. Appropriations lapse at year-end.

The accompanying "Notes to the financial statements" form an integral part of this statement.

ADDITIONAL ELEMENTS REQUIRED

BY THE

RULES OF THE AUDITOR GENERAL

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard
Macclenny, Florida 32063

Telephone (904) 259-4307
Fax (904) 259-5102

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

We have audited the financial statements of the Baker County Development Commission (the "Commission") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 12, 2024.

Auditor's 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 Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, ATC-Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 12, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(l)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter. Accordingly, audit finding 2023-01 and 2023-02 are both repeated findings for the past two preceding audits.

Official Title and Legal Authority

Section 10.554(l)(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. There are no component units of The Commission. The Baker County Development Commission was established by a Special Act of the Legislature of the State of Florida, Chapter 57-1129 and House Bill Number 1899, which became a law without the Governor's approval of June 29, 1957.

Financial Condition and Management

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

Baker County Development Commission did not meet any of the conditions described in Section 218.503(l), Florida Statutes.

Pursuant to Sections 10.554(l)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Baker County Development Commission. It is management's responsibility to monitor the Baker County Development Commission's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. We noted in our financial condition assessment the existence of a deteriorating financial condition. This condition, in part, is due to a timing difference between the closing of an acquisition of real property on August 28, 2023 and a subsequent sale of a separate parcel of real property on December 14, 2023. This timing difference resulted in a short-term cash deficit which required the Commission to obtain a short-term loan in the amount of \$35,000. The note payable was paid in full on December 14, 2023.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we recommend the Commission closely monitor its financial position in order to avoid future shortfalls.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.544(1)(i)6, Rules of the Auditor General, the Baker County Development Commission reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$17,313.
- e. The Commission does not have any construction projects with a total cost of at least \$65,000 that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, and the amended budget under Section 189.016(6), Florida Statutes, exhibited on page 17.

Additional Matters

Section 10.554(l)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

The Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

Page Three

We wish to take this opportunity to express our appreciation for the courtesies, which have once again, been extended to our staff. We have sincerely enjoyed our association with the Commission and look forward to a continuing relationship. If you have any questions or comments concerning this letter, our accompanying reports, or any other matters, please do not hesitate to contact us.

A handwritten signature in cursive script that reads "Lyons and Lyons, CPAs". The signature is written in black ink and is positioned above the date and address.

June 12, 2024
Macclenny, Florida

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard
Macclenny, Florida 32063

Telephone (904) 259-4307
Fax (904) 259-5102

**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 Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

We 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 Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, its major fund of the Baker County Development Commission (the "Commission"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 12, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

Members of American and Florida Institutes of Certified Public Accountants

effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Baker County Development Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 cursive script that reads "Lyons and Lyons, CPAs".

June 12, 2024
Macclenny, Florida

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard
Macclenny, Florida 32063

Telephone (904) 259-4307
Fax (904) 259-5102

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

We have examined the office of the Baker County Development Commission's (the "Commission") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for the Commission's compliance with those requirements. Our responsibility is to express an opinion on the Commission'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 Commission complied, in all material respects, with the specified requirement referenced above. An examination involves performing procedures to obtain evidence about whether the Commission complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Commission's compliance with specified requirements.

In our opinion, the Commission complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



June 12, 2024
Macclenny, Florida

Members of American and Florida Institutes of Certified Public Accountants

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
BAKER COUNTY DEVELOPMENT COMMISSION

2023-01 (Reported in previous audit reports as items 2022-01, and 2021-01.)

Condition – Because of a limited number of personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. The Commission has implemented compensating controls to the extent possible, given available staff, to mitigate the risk of unintentional or intentional errors occurring and not being detected. However, the possibility still exist that unintentional or intentional errors or irregularities could exist and not be detected.

Recommendation – To the extent possible, given available personnel, steps should be taken to segregate employee duties so that no individual has access to both physical assets and the related accounting records, or all phases of a transaction. A similar finding was noted in our prior report. Our audit did not reveal any significant errors or irregularities resulting from this lack of separation of duties and responsibilities. However, we feel it is important that you are made aware of this condition.

2023-02 (Reported in previous audit reports as items 2022-02 and 2021-02.)

Condition – Statements of Auditing Standards No. 115, Communicating Internal Control Related Matters Identified in an Audit, requires auditors to prepare written communication if they identify misstatements during the audit process or if it was necessary to assist with the preparation of the financial statements. As part of the audit process, we proposed material adjustments to the Commission's financial statements. It was also necessary for us to assist with the preparation of the financial statements. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

Recommendation – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving the financial reporting process, the Commission will have an enhanced ability to monitor its budget position on an ongoing basis.

Baker County Development Commission
20 East Macclenny Ave.
Macclenny, FL 32063

June 12, 2024

Mr. Clay Lyons, CPA
Lyons & Lyons, CPA's
160 West Boulevard
Macclenny, FL 32063

Dear Mr. Lyons,

The following is the response to the audit findings of the Baker County Development Commission's financial statements for the year ending September 30, 2023.

Audit Finding 2023-001

The Baker County Development Commission's administrative staff is limited to two individuals. Compensating controls have been implemented to the extent possible given the number of available staff. All checks require two signatures. An individual independent of the receipting process prepares the bank reconciliations. Finally, the board reviews and approves all expenses before checks are prepared.

Audit Finding 2023-002

The finding is duly noted. Due to budget constraints, it is not feasible to have someone on staff with the knowledge and experience to correctly prepare the financial statements.

If additional information is required, please don't hesitate to contact me.

Sincerely,


Darryl Register