

**BRUNSWICK AND GLYNN COUNTY
DEVELOPMENT AUTHORITY**

**Communication of Audit Results
September 9, 2019**

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The Board of Governors
Brunswick and Glynn County Development Authority
Brunswick, Georgia

We are pleased to present the results of our audit for the year ended June 30, 2019 for the Brunswick and Glynn County Development Authority (“the Authority”).

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgement, significant and relevant to your responsibilities in overseeing the financial reporting process.

As stated in our engagement letter dated April 23, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Authority’s accounting practices and policies, management’s judgements and estimates, financial statement disclosures, and other required matters.

This communication is intended solely for the information and use of those charged with governance and, if appropriate, management of the Authority and is not intended and should not be used by anyone other than these specified parties.

We are pleased to be of service to the Brunswick and Glynn County Development Authority and look forward to meeting you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

Coastal CPAs, LLC

St. Simons Island, Georgia
September 9, 2019

Status of Our Audit

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Brunswick and Glynn County Development Authority for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you earlier and outlined below. Overall, our audit strategy is to focus on higher risk areas of material misstatement (whether due to error or fraud) and other areas of concern for management and those charged with governance. Our audit strategy included consideration of:
 - Prior year audit results along with interim results, including discussions with management and those charged with governance regarding the Authority's operations, business activities, and risks.
 - Inherent risk within the Authority (i.e., the susceptibility of the financial statements to material error or fraud) before recognizing the effectiveness of the control systems.
 - A continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting the Authority.
 - Recent developments within the industry, regulatory environment, and general economic conditions.
 - Recently issued and effective accounting and financial reporting guidance.
 - The Authority's significant accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions.
 - The control environment, risk management and monitoring processes, and the possibility that the control systems and procedures may fail to prevent or detect a material error or fraud. We placed reliance on internal controls, where applicable, in determining the degree of detailed substantive testing required.
 - Information about systems and the computer environment in which financial records and related systems operate.
 - Based upon our initial assessment, our audit entailed a combination of testing controls for reliance and substantive testing. The primary areas of focus in our overall audit strategy included the following:
 - Fraud Risk
 - Internal Control Over Financial Reporting
 - Revenue Recognition

Status of Our Audit

- We will issue an unmodified opinion on the financial statements and release our report on September 9, 2019.
- All records and information requested by Coastal CPAs LLC were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of the Authority's personnel throughout the course of our work.

Results of Our Audit

ACCOUNTING PRACTICES, POLICIES, AND ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the Authority's accounting practices, policies, and estimates:

The Authority's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with accounting principles generally accepted in the United States of America and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- There were no changes in significant accounting policies and practices during 2019.
- Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Authority's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are listed below:

Significant accounting estimates include:

Useful Lives of Property
Valuation of Investment Securities

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2019.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

QUALITY OF THE AUTHORITY'S FINANCIAL REPORTING

We have summarized our assessment of the quality of the Authority's financial reporting as follows:

Qualitative aspects of significant accounting policies and practices – We have reviewed the Authority's significant accounting policies and take no exception to the quality or consistency in the application or clarity of the Authority's policies and practices.

Our conclusions regarding significant accounting estimates – We have reviewed management's conclusions related to each of the significant accounting estimates and find such to be reasonable.

New accounting pronouncements – There were no new accounting pronouncements that had a significant impact on the Authority.

Alternative accounting treatments – We have summarized as follows the areas or policies where alternative treatments were available to the Authority:

- Selection of depreciable lives and in-service dates of assets – other lives may be reasonable and appropriate.

SINGLE AUDIT

The Authority was not subject to the Single Audit Act Amendments of 1996 and the Uniform Guidance for the year ended June 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, and each major fund, of the Brunswick and Glynn County Development Authority as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Authority's internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Deficiency in 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.

Significant Deficiency A deficiency, or 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.

Material Weakness A deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses. We consider the following deficiencies in the Authority's internal control to be significant deficiencies:

Significant Deficiency – Segregation of Duties

Due to the size of the Brunswick and Glynn County Development Authority, there is not an adequate number of employees to provide for the proper segregation of duties. This condition represents a significant deficiency in the design or operation of the Authority's internal control structure and could possibly affect the Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the Authority's financial statements.

Recommendation

Although it is not financially feasible to eliminate this deficiency due to the Authority's limited resources, the Board of Directors and Executive Director should be conscious of this deficiency and consider all available compensating controls, such as outsourcing of certain accounting functions and continuous board oversight and awareness.

Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the Authority:

Significant changes to planned audit strategy or significant risks initially identified

There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.

Obtain information from those charged with governance relevant to the audit

There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Authority's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.

Nature and extent of specialized skills or knowledge needed related to significant risks

There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.

Consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Disagreements with management

For purposes of this communication, a disagreement with management is financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Significant difficulties encountered during the audit

There were no significant difficulties encountered during the audit.

Other matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures – Budget and Actual, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Significant issues discussed with management in connection with appointment or retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Representations requested from management

We have requested certain representations from management that are included in the management representation letter dated September 9, 2019.

Restriction of use

This information is intended solely for the use of management, the Board of Governors, and others within the Authority, and is not intended to be, and should not be, used by anyone other than these specified parties.

Independence Communication

Our engagement letter to you April 23, 2019 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to that letter for further information.