

Meeting Date
April 11, 2016



AGENDA	
Section	CONSENT
Item No.	<i>II, D.3</i>

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	ACKNOWLEDGE RECEIPT OF ANNUAL AUDITED FINANCIAL STATEMENTS OF THE FLORIDA DEVELOPMENT FINANCE CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2016.
DEPT/OFFICE:	BUDGET OFFICE

Requested Action:
 It is requested that the Board of County Commissioners accept the annual audit for the Florida Development Finance Corporation for the year ended June 30, 2016.

Summary Explanation & Background:

In accordance with Section 288.9610, Florida Statutes, the Florida Development Finance Corporation has provided to the Brevard County Board of County Commissioners their audited Financial Statements for the Fiscal year ended June 30, 2016.

288.9610 Annual reports of Florida Development Finance Corporation.—On or before 90 days after the close of the Florida Development Finance Corporation’s fiscal year, the corporation shall submit to the Governor, the Legislature, the Auditor General, and the governing body of each public entity with which it has entered into an interlocal agreement a complete and detailed report setting forth:

- (1) The results of any audit conducted pursuant to s. 11.45.
- (2) The activities, operations, and accomplishments of the Florida Development Finance Corporation, including the number of businesses assisted by the corporation.
- (3) Its assets, liabilities, income, and operating expenses at the end of its most recent fiscal year, including a description of all of its outstanding revenue bonds

Fiscal Impact: There is no financial impact.

Clerk to the Board instruction:

Exhibits Attached: Audited Financial Statements of the Florida Development Finance Corporation for the year ended June 30, 2016.

Contract /Agreement (If attached):	Reviewed by County Attorney	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	PR	<input type="checkbox"/>
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County Manager		Department Director / Extension
Stockton Whitten		Jill Hayes / 52857



Tammy Rowe, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

Telephone: (321) 637-2001
Fax: (321) 264-6972
Tammy.Rowe@brevardclerk.us

April 12, 2017

MEMORANDUM

TO: Jill Hayes, Budget Director

RE: Item II.D.3., Acknowledge Receipt of Annual Audited Financial Statements of the Florida Development Finance Corporation for the Fiscal Year Ended June 30, 2016

The Board of County Commissioners, in regular session on April 11, 2017, acknowledged receipt of the annual audited financial statement of the Florida Development Finance Corporation for the Fiscal Year ended June 30, 2016.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe, Deputy Clerk

/ds

cc: Finance



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www.broadandcassel.com
KATE STANGLE
KSTANGLE@BROADANDCASSEL.COM

February 21, 2017

To: The Parties Set Forth on the Distribution List Attached as Appendix A

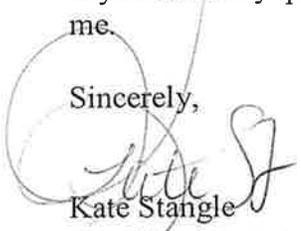
Re: The Florida Development Finance Corporation
Annual Reporting Requirements

In accordance with Section 288.9610, Florida Statutes, the undersigned, on behalf of the Florida Development Finance Corporation, has enclosed the following information:

- (1) Audit results conducted pursuant to Section 11.45, Florida Statutes;
- (2) A summary of the activities, operations and accomplishments of the Florida Development Finance Corporation which were conducted during the Fiscal Year ended June 30, 2016, including the number of businesses assisted by the Corporation; and
- (3) The assets, liabilities, income and operating expenses of the Corporation during fiscal year ended June 30, 2016, including a description of all outstanding revenue bonds.

If you have any questions or concerns about this information, please do not hesitate to contact me.

Sincerely,


Kate Stangle
Broad and Cassel LLP

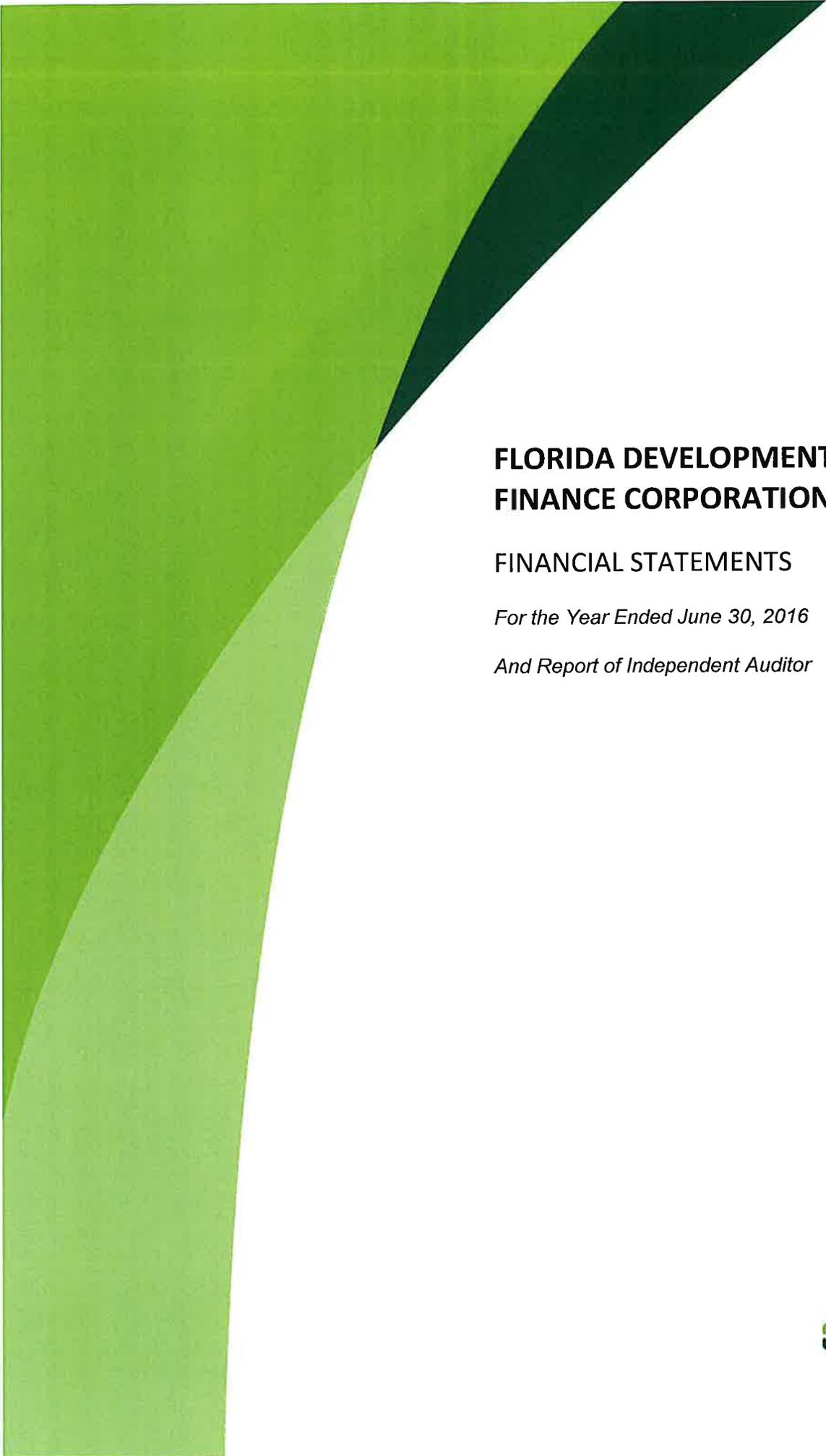
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FEB 24 2017

County Manager's
Office

Appendix A

Entity 1		First Name	Last Name
Office of the Governor	The Honorable	Rick	Scott
Office of the Senate	The Honorable	Joe	Negron
Florida House of Representatives	The Honorable	Richard	Corcoran
Office of the Auditor General	Ms.	Sherrill	Norman
Orange County	Mr.	Ajit	Lalchandani
Baker County	Mr.	Kennie	Downing
Bay County	Mr.	Bob	Majka
Brevard County	Mr.	Stockton	Whitten
Broward County	Ms.	Bertha	Henry
Charlotte County	Mr.	Raymond	Sandrock
City of Doral	Mr.	Edward	Rojas
City of Homestead	Mr.	Carlos	Perez
City of Jacksonville (Duval County)	Mr.	Sam	Mousa
City of Wildwood	Mr.	Bill	Cannon
Clay County	Ms.	Stephanie	Kopelousos
Collier County	Mr.	Leo	Ochs
Desoto County	Ms.	Mandy	Hines
Dixie County	Mr.	Tim	Alexander
Escambia County	Mr.	Jack	Brown
Flagler County	Mr.	Craig	Coffey
Glades County	Mr.	Paul	Carlisle
Hardee County	Mr.	Lexton	Albritton
Hendry County	Mr.	Charles	Chapman
Hillsborough County	Mr.	Mike	Merrill
Indian River County	Mr.	Jason	Brown
Lake County	Mr.	David	Heath
Lee County	Mr.	Roger	Desjarlais
Leon County	Mr.	Herbert	Thiele
Manatee County	Mr.	Ed	Hunzeker
Martin County	Ms.	Taryn	Kryzda
Miami-Dade County	Mr.	Carlos	Gimenez
Nassau County	Mr.	Shanea	Jones
Osceola County	Mr.	Donald	Fisher
Palm Beach County	Ms.	Verdenia	Baker
Pasco County	Ms.	Michele	Baker
City of Pembroke Pines	Mr.	Charles	Dodge
Pinellas County	Mr.	Mark	Woodard
City of Pompano Beach	Mr.	Dennis	Beach
Sarasota County	Mr.	Thomas	Harmer
Seminole County	Ms.	Nicole	Guillet
St. Johns County	Mr.	Michael	Wanchick
St. Lucie County	Mr.	Howard	Tipton
Volusia County	Mr.	Jim	Dinneen



**FLORIDA DEVELOPMENT
FINANCE CORPORATION**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

And Report of Independent Auditor

FLORIDA DEVELOPMENT FINANCE CORPORATION
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Report of Independent Auditor

To the Board of Directors,
Florida Development Finance Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Development Finance Corporation ("FDFC") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise FDFC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Development Finance Corporation as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 – 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 December 2, 2016 on our consideration of FDFC’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FDFC’s internal control over financial reporting and compliance.



Orlando, Florida
December 2, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORIDA DEVELOPMENT FINANCE CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

This discussion and analysis of Florida Development Finance Corporation's (FDFC) financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the report of independent auditor and the basic financial statements.

Financial Highlights

FDFC facilitated the authorization and issuance of \$259,500,000 in four (4) new money bonds for the fiscal year ending June 30, 2016. It received application and issuance fees of \$1,011,366. In the past, FDFC primarily issued bonds for small manufacturers, but over time, it has served a variety of 501(c)3 not-for-profit institutions, including health-care, educational and foundations. In FY15-16, FDFC served a hospital, a charter school, and several senior living facilities. Current and pending applications include projects such as charter schools, surface transportation, senior living, non-tax credit Section 8 affordable housing, taxable bonds related to Property-Assessed Clean Energy ("PACE") financings, and construction of transportation service (All Aboard Florida). Even though the Fed Funds rate is projected to slowly increase in 2017, a relatively low interest rate environment in the private activity bond market is expected to continue through FDFC's fiscal year ending June 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to FDFC's basic financial statements. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Basic Financial Statements

FDFC utilizes an enterprise fund for its financial reporting purposes. This fund includes all activities of FDFC.

The financial statements of FDFC report information about FDFC using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of net position includes all of FDFC's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to FDFC's creditors (liabilities). The statement of net position also provides the basis for computing rate of return, evaluating the capital structure of FDFC and assessing liquidity and financial flexibility of FDFC.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of FDFC's operations over the past year and can be used to determine whether FDFC has successfully recovered all of its costs through its services provided, as well as its profitability, and credit worthiness.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about FDFC's cash receipts and payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, non-capital financing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

**FLORIDA DEVELOPMENT FINANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2016

Financial Analysis

Net Position

Net position may serve over time as a useful indicator of FDFC's financial position. FDFC's assets exceeded liabilities by \$1,469,198, representing an increase in net position for the year of \$245,376. The largest portion of FDFC's net position reflects cash received from bond issuance fees.

**Table A-1:
Statements of Net Position
(In thousands of dollars)**

	<u>Fiscal Year</u> <u>2016</u>	<u>Fiscal Year</u> <u>2015</u>	<u>Dollar</u> <u>Change</u>
Assets			
Cash	\$ 1,575	\$ 1,242	\$ 333
Accounts receivable	3	-	3
Prepaid expenses	1	2	(1)
Total assets	<u>\$ 1,579</u>	<u>\$ 1,244</u>	<u>\$ 335</u>
Liabilities			
Accounts payable	\$ 73	\$ 20	\$ 53
Other payables	1	-	1
Accrued expenses	36	-	36
Total liabilities	<u>\$ 110</u>	<u>\$ 20</u>	<u>\$ 90</u>
Net Position			
Unrestricted	1,469	1,224	245
Total net position	<u>\$ 1,469</u>	<u>\$ 1,224</u>	<u>\$ 245</u>

Total assets increased in fiscal 2016 primarily due to the positive change in net position and receipt of fees charged. Total liabilities increased in fiscal 2016 primarily due to professional fees and payroll; FDFC hired its own employees in fiscal year 2016.

**FLORIDA DEVELOPMENT FINANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2016

Net Position (continued)

The changes in net position displayed below shows FDFC's activities during the past two fiscal years. The increase in net position for each year represents the extent to which revenues exceeded expenses during the year.

**Table A-2:
Statements of Revenues, Expenses, and Changes in Net Position
(In thousands of dollars)**

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change
Revenue:			
Fees	\$ 1,011	\$ 552	\$ 459
Interest income	-	1	(1)
Total revenues	<u>1,011</u>	<u>553</u>	<u>458</u>
Expenses:			
Professional fees	625	284	341
General and administrative	141	74	67
Total expenses	<u>766</u>	<u>358</u>	<u>408</u>
Change in Net Position	245	195	50
Net Position, beginning of year	<u>1,224</u>	<u>1,029</u>	<u>195</u>
Net Position, end of year	<u>\$ 1,469</u>	<u>\$ 1,224</u>	<u>\$ 245</u>

As can be seen in Table A-2 above, the increase in operating revenue resulted mostly from an increase in issuance fees related to the All Aboard Florida Program. The increase in operating expenses is due primarily to an increase in professional fees associated with bond issuance and the establishing of a statewide PACE revenue bond program as legislatively provided in Florida Statute §288.9606(7)(a) and the All Aboard Florida Program.

FLORIDA DEVELOPMENT FINANCE CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Economic Factors

FDFC's primary business is the issuance of tax exempt revenue bonds, which are permissible under the U.S. Internal Revenue Service's private activity regulations and Chapter 288, Part X, Florida Statutes. Those regulations, subject to a number of limitations and restrictions, allow small manufacturers and non-profit corporations to finance capital assets with tax exempt bond proceeds.

FDFC's revenues are generated by fees charged for issuance of bonds, and the volume of bond issuance is directly impacted by general economic conditions.

Requests for Information

This financial report is designed to provide a general overview of FDFC's finances for all those with an interest in FDFC's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Bill Spivey
Executive Director
800 North Magnolia Avenue, Suite 1100
Orlando, Florida 32803

BASIC FINANCIAL STATEMENTS

FLORIDA DEVELOPMENT FINANCE CORPORATION
STATEMENT OF NET POSITION

JUNE 30, 2016

ASSETS

Current Assets:

Cash	\$	1,575,130
Accounts Receivable		2,500
Prepaid expenses		831
Total Current Assets		<u>1,578,461</u>

Total Assets 1,578,461

LIABILITIES

Current Liabilities:

Account payable		72,755
Other payables		884
Accrued expenses		35,624
Total Current Liabilities		<u>109,263</u>

Total Liabilities 109,263

NET POSITION

Unrestricted 1,469,198

Total Liabilities And Net Position \$ 1,578,461

FLORIDA DEVELOPMENT FINANCE CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2016

Revenues:	
Conduit Debt Issuance Fees	\$ 694,400
All Aboard FL Issuance Fees	316,966
Total Revenues	<u>1,011,366</u>
Expenses:	
Professional fees	625,332
Miscellaneous	140,658
Total Expenses	<u>765,990</u>
Increase in Net Position	245,376
Net Position, Beginning of Year	<u>1,223,822</u>
Net Position, End of Year	<u>\$ 1,469,198</u>

FLORIDA DEVELOPMENT FINANCE CORPORATION
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

Cash Flows From Operating Activities:	
Receipts from fees	\$ 1,008,866
Payments to service providers	<u>(675,659)</u>
Net Cash Provided by Operating Activities	<u>333,207</u>
Net Increase in Cash	333,207
Cash, Beginning of Year	<u>1,241,923</u>
Cash, End of Year	<u><u>\$ 1,575,130</u></u>
Reconciliation of Increase in Net Position to Net Cash	
Provided by Operating Activities:	
Increase in net position	\$ 245,376
Adjustments to reconcile increase in net position	
to net cash provided by operating activities:	
Changes in:	
Account receivables	(2,500)
Prepaid expenses	1,230
Accounts payable	52,593
Other Payables	884
Accrued expenses	<u>35,624</u>
Net Cash Provided by Operating Activities	<u><u>\$ 333,207</u></u>

FLORIDA DEVELOPMENT FINANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

Florida Development Finance Corporation ("FDFC") is an independent entity constituted as a public instrumentality of local government, created to facilitate economic development in Florida by working in partnership with the Florida financial services industry and local development organizations to create access to competitive sources of finance for creditworthy borrowers and other firms contributing to job creation and the economic base of Florida. FDFC's bond programs can provide tax exempt and taxable financing to many types of businesses under state and federal regulations. This includes financing through private activity bonds for small, creditworthy manufacturers and 501(c)(3) not-for-profit corporations.

FDFC is specifically formed pursuant to Florida Statutes, Chapter 288, Part X and all acts supplemental thereto and amendatory thereof.

FDFC is governed by a five member board of directors, appointed by the Governor, subject to confirmation of the Senate. Each board member serves a term of four years. Whereas appointment by the Governor provides a related party relationship with the State of Florida, there are no conditions that allow the State of Florida to impose its will on FDFC. Accordingly, FDFC does not meet the criteria provided by the Governmental Accounting Standards Board for being a component unit of the State of Florida.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 14, as amended, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise FDFC. Component units are legally separate entities for which FDFC (the primary entity) has financial accountability. Financial accountability is defined as the ability of the primary entity to appoint a voting majority of an organization's governing body and either (1) impose its will over the organization or (2) there is a potential that the organization will provide a specific financial benefit to, or impose a specific financial burden on the primary entity. Financial accountability may also arise if an organization is fiscally dependent on and has a fiscal benefit or burden relationship with the primary government. Using these criteria FDFC has no component units.

B. Measurement Focus and Basis of Accounting

FDFC is accounted for as an enterprise fund. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when the liability is incurred, regardless of the timing of the related cash flows.

FDFC financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, including application of all relevant GASB pronouncements.

C. Administration

FDFC is managed by its employees. FDFC contracts some administrative functions to the staff of Enterprise Florida, Inc. ("EFI"), a not-for-profit organization formed under Florida Statutes, Chapter 288, as a public-private partnership responsible for leading Florida's economic development.

FLORIDA DEVELOPMENT FINANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Note 1 - Summary of Significant Accounting Policies (continued)

D. Deposits and Investments

(a) Cash Deposits

FDFC places its cash on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. From time to time, FDFC may have amounts on deposit in excess of the insured limits. As of June 30, 2016, FDFC had \$1,575,130 on deposit, \$1,325,130 of which was in excess of these insured amounts. Management believes the associated risk is minimized by placing such assets with qualified public depositories. FDFC has not experienced any losses on such accounts.

(b) Investments

FDFC follows the investment policy of Florida Statute §218.415, which states that units of local government electing not to adopt a written investment policy may invest or reinvest any surplus public funds in their control or possession in (1) the Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, (2) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, (3) interest-bearing time deposits or savings accounts in qualified public depositories, and (4) direct obligations of the U.S. Treasury.

E. Issuance Fees

Issuance fees paid by borrowers for conduit debt obligations are generally recognized as revenue in the period the bonds are issued; however, application fees are not refundable and are typically recognized when received. Fees of \$316,966 related to the All Aboard Florida program were received and recorded in fiscal 2016 prior to the issuance of the bonds, since these fees are a non-refundable advance of issuance fees.

F. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Income Taxes

FDFC is a not-for-profit corporation and has been determined by the Internal Revenue Service to be a 501(c)(4) company exempt from taxes under Section 501(a) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes.

Note 2 - Conduit Debt

In accordance with its mission and Chapter 288, Part X, Florida Statutes, FDFC has facilitated the issuance of debt obligations whereby FDFC is merely a conduit issuer of bonds issued on behalf of borrowers. These bonds do not constitute a general debt, liability or obligation of FDFC, the state, or any local government. Additionally, FDFC has assigned all rights to receive payments from the borrowers to the bond purchaser in all bond financing transactions, or assign all rights to receive payments to a financial institution providing an irrevocable letter of credit which secures bondholders in typical credit enhanced transactions. Assigned payments are not included in the accompanying basic financial statements.

FLORIDA DEVELOPMENT FINANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Note 2 - Conduit Debt (continued)

Changes in conduit debt outstanding for the year ended June 30, 2016 are as follows:

	Balance at		Additions	Reductions	Balance at	
	July 1,	2015			2016	2016
1999 Series B5 Composite Investor, LLC	\$	320,000		\$ 60,000	\$	260,000
2000 Series A2 R.L. Smith Investments, LLC		670,000		120,000		550,000
2000 Series B2 through Series B3		710,000		710,000		-
2001 Series A1 Plastic Components, Inc.		350,000		350,000		-
2001 Series B2 MLMJC, Inc.		150,000		150,000		-
2001 Series C1 Kelray Realty, Inc. (Glaspro)		270,000		60,000		210,000
2002 Series B3 Air Technology Holdings, LLC		2,000,000				2,000,000
2002 Series C1 and Series C4		880,000		130,000		750,000
2005 Series A1 Jamivon Properties, Inc.		1,180,000		1,180,000		-
2006 Series A1 Florida Food Products, Inc.		1,700,000		250,000		1,450,000
2006 Series A Palm Bay Academy		5,130,000				5,130,000
2006 Series B Palm Bay Academy		550,000		120,000		430,000
2007 Series A Learning Gate		6,555,000				6,555,000
2007 Series B Learning Gate		215,000		140,000		75,000
2007 Series A Palm Bay Academy		5,565,000		120,000		5,445,000
2007 Series B Palm Bay Academy		535,000		115,000		420,000
2007 Series Maronda Homes of Florida		3,470,747		3,470,747		-
2008 Series St. Thomas Aquinas		141,614		141,614		-
2008 Series A Sculptor Charter School		4,695,000		70,000		4,625,000
2009 Series Center Court Properties, Inc.		1,750,000		85,000		1,665,000
2009 Series Airport Properties Partners, LLC		11,685,000		175,000		11,510,000
2010 Series DT Leasing, LLC		2,517,859		88,065		2,429,794
2010 Series Lake Eola Charter Schools Foundation, Inc.		1,690,377		95,578		1,594,799
2010 Series A Renaissance Charter Schools, Inc.		56,455,000		370,000		56,085,000
2010 Series B Renaissance Charter Schools, Inc.		9,625,000		630,000		8,995,000
2011 Series A Renaissance Charter Schools, Inc.		85,280,000		830,000		84,450,000
2011 Series B Renaissance Charter Schools, Inc.		1,965,000		280,000		1,685,000
2011 Series A and Series B Atlantic Pro-Nutrients		8,910,000		8,910,000		-
2011 Series A and Series B Bay Area Charter Foundation		36,990,000		855,000		36,135,000
2012 Series Sculptor Charter School		720,000		5,000		715,000
2012 Series A and Series B Montverde Academy		5,355,000		315,000		5,040,000
2012 Series A and Series B Renaissance Charter Schools		57,815,000		755,000		57,060,000
2013 Series A&B Out of Door Academy, Inc.		19,000,000		600,000		18,400,000
2013 Series A&B Renaissance Charter School, Inc.		80,075,000		925,000		79,150,000
2013 Series A UF Health-Jacksonville		64,240,000				64,240,000
2013 Series B UF Health-Jacksonville		56,540,000		3,005,000		53,535,000
2014 Series A Eamest Products, Inc.		2,325,000				2,325,000
2014 Series B Eamest Products, Inc.		4,213,310		588,410		3,624,900
2014 Series A Miami Arts, Inc.		30,000,000				30,000,000
2014 Series A&B Renaissance Charter Schools, Inc		53,175,000		670,000		52,505,000
2014 Series A Downtown Doral Charter School, Inc		21,505,000				21,505,000
2014 Series B Downtown Doral Charter School, Inc		320,000				320,000
2014 Series A FL Charter Educational Foundation, Inc		13,400,000				13,400,000
2014 Series B FL Charter Educational Foundation, Inc		1,230,000		290,000		940,000
2014 Series A American Public Media Group		19,785,000		19,785,000		-
2014 Series B Classical South Florida		9,465,000		9,465,000		-
2015 Series A Tuscan Isle Property, LLC		41,850,000				41,850,000
2015 Series B Tuscan Isle Property, LLC		1,730,000				1,730,000
2015 Series A&B Divine Savior Lutheran Academy		30,000,000				30,000,000
2015 Series A&B Renaissance Charter Schools, Inc			\$ 95,980,000	2,000		95,978,000
2015 Series A&B UF Health - Jacksonville			85,000,000			85,000,000
2016 Vieste LLC			51,170,000			51,170,000
2016 Cypress Point Living, LLC			27,350,000			27,350,000
	\$	764,698,907	\$ 259,500,000	\$ 55,911,414	\$	968,287,493

* Corrected from \$29,515,096 previously presented in the prior year.

FLORIDA DEVELOPMENT FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

• **Note 3 - Related Party Transactions**

FDFC enters into bond financing transactions on behalf of borrowers with various financial institutions who have been approved by FDFC's Board of Directors. Certain Board members are affiliated with these financial institutions, which issue letters of credit that secure payment of the bonds. It is management's opinion that these transactions have been conducted at arm's length.

EFI provides certain administrative services on behalf of FDFC. During the year ended June 30, 2016, EFI charged FDFC \$50,000 for the provision of these services.

**SUPPLEMENTARY REPORT OF
INDEPENDENT AUDITOR**

**Report of Independent Auditor on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

To the Board of Directors,
Florida Development Finance Corporation:

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 Florida Development Finance Corporation ("FDFC") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise FDFC's basic financial statements and have issued our report thereon dated December 2, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered FDFC's internal control over financial reporting (internal control) to determine the 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 FDFC's internal control. Accordingly, we do not express an opinion on the effectiveness of FDFC'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FDFC's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Behrman" followed by a stylized flourish.

Orlando, Florida
December 2, 2016