

**FLORIDA DEVELOPMENT  
FINANCE CORPORATION**

**FINANCIAL STATEMENTS**

*For the Year Ended June 30, 2019*

*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, 2019 and the related notes to the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2019, 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 September 18, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FDFC'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 FDFC's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cheryl Behrman CPA". The signature is written in a cursive style.

Orlando, Florida  
September 18, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# FLORIDA DEVELOPMENT FINANCE CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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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, 2019. Please read it in conjunction with the independent auditor's report and the basic financial statements.

## Financial Highlights

FDFC facilitated the authorization and issuance of \$2,885,710,000 in (8) new money bonds for the fiscal year ending June 30, 2019. The types of borrowers served by the FDFC bond process were charter schools (2), solid waste disposal (1), surface transportation (2), healthcare (1), student housing (1) and not for profit (1). In all, the FDFC received application and issuance fees totaling \$3,117,760. 85% of these fees came from two large bond issuances.

In addition, FDFC's Property Assessed Clean Energy ("PACE") Program was launched on June 29, 2017 and the FDFC facilitated the authorization and issuance of \$19,353,886 in (5) taxable residential PACE bonds for the fiscal year ending June 30, 2019. In all, the FDFC received issuance fees totaling \$178,378 for the PACE Program.

## 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 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, 2019

**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 \$3,370,303, representing an increase in net position for the year of \$2,252,541. 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 2019</u>	<u>Fiscal Year 2018</u>	<u>Dollar Change</u>
<b>Assets</b>			
Cash	\$ 3,331	\$ 1,100	\$ 2,231
Accounts receivable	-	7	(7)
Prepaid expenses	31	15	16
Capital assets, net	31	33	(2)
Total assets	<u>3,393</u>	<u>1,155</u>	<u>(2,238)</u>
<b>Liabilities</b>			
Accounts payable	12	27	(15)
Accrued expenses	11	10	1
Total liabilities	<u>23</u>	<u>\$ 37</u>	<u>(14)</u>
<b>Net Position</b>			
Investment in capital assets	31	33	(2)
Unrestricted	<u>3,339</u>	<u>1,085</u>	<u>2,254</u>
Total net position	<u>\$ 3,370</u>	<u>\$ 1,118</u>	<u>\$ 2,252</u>

Total cash increased in fiscal 2019 due mostly to large surface transportation bonds and multiple PACE bonds.

# FLORIDA DEVELOPMENT FINANCE CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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## Changes in Net Position

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 2019	Fiscal Year 2018	Dollar Change
Revenue:			
Fees	\$ 3,329	\$ 907	\$ 2,422
Other revenue	484	66	418
Total revenue	<u>3,813</u>	<u>973</u>	<u>2,840</u>
Expenses:			
General and administrative			
Salaries and wages	653	462	191
Professional fees	116	142	(26)
Other	663	231	432
Program:			
PACE program	96	68	28
FRED	33	43	(10)
Total expenses	<u>1,561</u>	<u>946</u>	<u>615</u>
Change in Net Position	2,252	27	2,225
Net Position, beginning of year	<u>1,118</u>	<u>1,091</u>	<u>27</u>
Net Position, end of year	<u>\$ 3,370</u>	<u>\$ 1,118</u>	<u>\$ 2,252</u>

The increase in revenue is due to the issuance of the two very large Virgin Train USA bonds. In addition, more PACE residential bonds were issued during current year.

The increase in expenses is due to increase in reimbursable expenses related to bond issuance. In addition, there were salary and wages increases due to promotion, bonuses, and raises.



# FLORIDA DEVELOPMENT FINANCE CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

*JUNE 30, 2019*

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## **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 exclusively generated by fees charged for issuance of bonds, and the volume of bond issuance can be directly impacted by general economic and perception of policies for conduit issuance by potential borrowers and their finance team.

## **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  
156 Tuskawilla Road, Suite 2340  
Winter Springs, Florida 32708

## **BASIC FINANCIAL STATEMENTS**

**FLORIDA DEVELOPMENT FINANCE CORPORATION**  
**STATEMENT OF NET POSITION**

*JUNE 30, 2019*

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**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$	3,331,063
Prepaid expenses		31,480
Capital assets, net		
Leasehold improvements		6,361
Computer software		25,015

**Total Assets** 3,393,919

**LIABILITIES**

**Current Liabilities:**

Accounts payable		12,335
Accrued expenses		11,281

**Total Liabilities** 23,616

**NET POSITION**

Net investment in capital assets		31,376
Unrestricted		3,338,927

**Total Net Position** 3,370,303

**Total Liabilities And Net Position** \$ 3,393,919

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

*YEAR ENDED JUNE 30, 2019*

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**Revenues**

Conduit debt issuance fees	\$	3,117,760
Conduit debt reimbursement revenues		452,713
PACE program fees		211,414
Interest and other		31,838
<b>Total Revenues</b>		<u>3,813,725</u>

**Expenses**

Salaries and wages		652,855
Reimbursement expenses		452,713
Professional fees		115,932
PACE program direct expenses		129,264
Other		210,420
<b>Total Expenses</b>		<u>1,561,184</u>

**Increase in Net Position** 2,252,541

**Net Position, Beginning of Year** 1,117,762

**Net Position, End of Year** \$ 3,370,303

**FLORIDA DEVELOPMENT FINANCE CORPORATION**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2019

**Cash Flows From Operating Activities:**

Receipts from fees and expense reimbursements	\$ 3,799,924
Payments to service providers	(1,576,424)
Interest received	20,581
<b>Net Cash Provided by Operating Activities</b>	<u>2,244,081</u>

**Cash Flows From Investing Activities:**

Purchase of equipment	(12,947)
<b>Net Cash Used in Investing Activities</b>	<u>(12,947)</u>

<b>Net Decrease in Cash and Cash Equivalents</b>	2,231,134
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,099,929</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,331,063</u>

**Reconciliation of Increase in Net Position to Net Cash**

Used in Operating Activities:	
Increase in net position	\$ 2,252,541
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Depreciation	14,490
Changes in:	
Accounts receivable	6,780
Prepaid expenses	(16,468)
Accounts payable	(14,884)
Accrued expenses	1,622
<b>Net Cash Used in Operating Activities</b>	<u>\$ 2,244,081</u>

# FLORIDA DEVELOPMENT FINANCE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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### 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 provide access to capital for project development through tax exempt and taxable financing. This includes financing to stimulate and assist in the expansion of all kinds of for-profit and not-for-profit business activity, a portion of which consists of residential and commercial bonds through the Property Assessed Clean Energy ("PACE") Program.

FDFC was 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 is appointed by the Governor and serves a term of four years. The current statutory provisions reflect a related party relationship with the State of Florida, whereas the State of Florida does not 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. Deposits and Investments

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 deposit accounts.

FDFC's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include amount placed with the Florida Surplus Asset Fund Trust ("FL SAFE").

FDFC's investment in the FL SAFE is a qualifying local government investment pool and was assigned a rating of "AAAm" by the Standard and Poor's Rating Service. As of June 30, 2019, FDFC had a balance of \$3,160,526 in the FL SAFE. FDFC's position in the pool is valued based on amortized cost, which approximates fair value, and is treated as a cash equivalent in financial statement presentation. The FL SAFE has no limitations or restrictions on withdrawals.

# FLORIDA DEVELOPMENT FINANCE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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### Note 1 - Summary of Significant Accounting Policies (continued)

#### C. Deposits and Investments (continued)

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.

#### D. Capital Assets

Capital assets consist of computer software and leasehold improvements, stated at cost when purchased or constructed. The threshold for capitalization of assets is \$1,000. Expenses for maintenance and repairs are charged to operations. Provisions for depreciation are made using the straight-line method, based upon either the useful life of assets or the term of the associated lease.

#### E. Conduit Debt 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.

#### F. Reimbursement Revenues

Revenues recognized as reimbursement for conduit debt projects and the PACE program are recorded as related expenses are incurred.

#### G. 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.

#### H. Income Taxes

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

#### I. FDFC PACE Program Agreement with FRED

During fiscal 2017, FDFC entered into an agreement with the Florida Resiliency and Energy District ("FRED"), a separate legal entity authorized to facilitate PACE financing pursuant to Section 163.01(14), Florida Statutes. Under the agreement, FDFC serves as FRED's agent for purposes of executing Financing Agreements with property owners on behalf of FRED pursuant to Section 163.08(6), Florida Statutes, for purposes of administering the FDFC PACE Program within the boundaries of FRED and for ensuring compliance with the Florida PACE Act.

**FLORIDA DEVELOPMENT FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2019

**Note 2 - 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.

**Note 3 – Commitments and contingencies**

FDFC is obligated under an operating lease for the office building. At June 30, 2019, future minimum lease payments under the operating lease are as follows for the years ending June 30:

2020	\$ 46,207
2021	47,593
2022	49,020
2023	24,871
	<u>\$ 167,691</u>

FDFC's total lease expenses were \$56,275 for the year ended June 30, 2019, and are included in other expenses.

**Note 4 - 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. Assigned payments are not included in the accompanying basic financial statements.

Changes in PACE residential bonds conduit debt outstanding for the year ended June 30, 2019 are as follows:

	Balance at July 1, 2018	Additions	Reductions	Balance at June 30, 2019
2019 PACE Residential Bonds	* \$ 1,660,513	\$ 19,353,886	\$ 79,041	\$ 20,935,357
Total PACE Residential Bonds	<u>\$ 1,660,513</u>	<u>\$ 19,353,886</u>	<u>\$ 79,041</u>	<u>\$ 20,935,357</u>

\* The July 1, 2018 balance consists of one bond issuance; the June 30, 2019 balance consists of six bond issuances.



**FLORIDA DEVELOPMENT FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2019

**Note 4 - Conduit Debt (continued)**

Changes in other bonds conduit debt outstanding for the year ended June 30, 2019 are as follows:

	Balance at July 1, 2018	Additions	Reductions	Balance at June 30, 2019
1999 Series B5 Composite Investor, LLC	\$ 140,000	\$ -	\$ 60,000	\$ 80,000
2000 Series A2 R.L. Smith Investments, LLC	290,000	-	140,000	150,000
2001 Series C1 Kelray Realty, Inc. (Glaspro)	90,000	-	60,000	30,000
2002 Series C4 Serigraphics Arts, Inc.	240,000	-	45,000	195,000
2007 Series A Learning Gate	6,320,000	-	6,320,000	-
2008 Series A Sculptor Charter School	4,470,000	-	85,000	4,385,000
2009 Series Center Court Properties, Inc.	1,490,000	-	90,000	1,400,000
2009 Series Airport Properties Partners, LLC	11,025,000	-	200,000	10,825,000
2010 Series Lake Eola Charter Schools Foundation, Inc.	1,438,373	-	85,001	1,353,372
2010 Series A&B Renaissance Charter Schools, Inc.	62,880,000	-	1,210,000	61,670,000
2011 Series A&B Renaissance Charter Schools, Inc.	83,670,000	-	1,375,000	82,295,000
2011 Series A&B Bay Area Charter Foundation	34,045,000	-	1,095,000	32,950,000
2012 Series Sculptor Charter School	695,000	-	10,000	685,000
2012 Series A&B Montverde Academy	4,410,000	-	315,000	4,095,000
2012 Series A&B Renaissance Charter Schools	55,365,000	-	930,000	54,435,000
2013 Series A&B Out of Door Academy, Inc.	16,932,203	-	16,932,203	-
2013 Series A&B Renaissance Charter School, Inc.	77,030,000	-	1,190,000	75,840,000
2013 Series A&B UF Health-Jacksonville	107,755,000	-	5,395,000	102,360,000
2014 Series A&B Miami Arts, Inc.	33,275,000	-	560,000	32,715,000
2014 Series A&B Renaissance Charter Schools, Inc.	50,705,000	-	825,000	49,880,000
2014 Series A&B Downtown Doral Charter School, Inc.	21,825,000	-	-	21,825,000
2014 Series A&B FL Charter Educational Foundation, Inc.	14,005,000	-	185,000	13,820,000
2014 Series A American Public Media Group	9,565,000	-	335,000	9,230,000
2015 Series A&B Tuscan Isle Property, LLC	43,580,000	-	43,580,000	-
2015 Series A Divine Savior Lutheran Academy	28,769,617	-	850,397	27,919,220
2015 Series A&B Renaissance Charter Schools, Inc.	92,840,000	-	2,160,000	90,680,000
2015 Series A&B UF Health- Jacksonville	85,000,000	-	-	85,000,000
2015 Series A&B Tuscan Isle Property, LLC	51,170,000	-	-	51,170,000
2016 Cypress Point Living, LLC	27,050,000	-	-	27,050,000
2016 Series A&B The Pepin Academies	12,165,000	-	2,655,000	9,510,000
2016 Series A&B Franklin Academy	50,030,000	-	880,000	49,150,000
2016 Series A The Pine School	6,835,980	-	205,925	6,630,055
2016 Series A&B Florida Charter Educational Foundation	40,760,000	-	1,370,000	39,390,000
2017 Series A&B Classical Preparatory, Inc.	10,205,000	-	145,000	10,060,000
2017 Series A&B Palm Bay Academy	8,000,000	-	-	8,000,000
2017 Series A&B Southwest Charter Foundation	40,630,000	-	510,000	40,120,000
2017 Series A&B Downtown Doral Charter School, Inc.	6,300,000	-	-	6,300,000
2017 Series C&D Downtown Doral Charter School, Inc.	39,245,000	-	-	39,245,000
2017 Series Waste Pro USA, Inc.	32,500,000	-	-	32,500,000
2017 Series A All Aboard Florida - Operations LLC	600,000,000	-	600,000,000	-
2018 Series A&B Classical Preparatory, Inc.	4,550,000	-	65,000	4,485,000
2018 Series A&B Learning Gate Community School, Inc.	9,130,000	-	90,000	9,040,000
2018 Series A Midtown Campus Properties	-	77,820,000	-	77,820,000
2018 Series A Central Florida Fair	-	5,000,000	-	5,000,000
2019 Series A&B Image School Broward	-	19,175,000	-	19,175,000
2019 Series A&B Athenian Academy	-	7,200,000	-	7,200,000
2019 Series A Virgin Trains USA	-	1,750,000,000	-	1,750,000,000
2019 Virgin Trains USA Escrow	-	950,000,000	-	950,000,000
2019 Series A&B UF Jacksonville Physicians, Inc.	-	30,000,000	21,994,132	8,005,868
2019 Series Waste Pro USA, Inc.	-	46,515,000	-	46,515,000
<b>Total Other Bonds</b>	<b>\$ 1,786,421,173</b>	<b>\$ 2,885,710,000</b>	<b>\$ 711,947,658</b>	<b>\$ 3,960,183,515</b>

**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, 2019 and the related notes to the financial statements, and have issued our report thereon dated September 18, 2019 for the purpose of compliance with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Government Entity Audits*.

**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 opinion 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 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 material 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 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 CPA". The signature is written in a cursive style.

Orlando, Florida  
September 18, 2019