

**Orange County Industrial
Development Authority**
(a component unit of Orange County, Florida)

Financial Statements
Years Ended September 30, 2013 and 2012

Orange County Industrial Development Authority

(a component unit of Orange County, Florida)

Contents

Management’s Discussion and Analysis	3
Independent Auditor’s Report	4 – 5
Financial Statements	
Statements of Net Assets	6
Statements of Revenues, Expenditures and Changes in Net Assets	7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 10
Reports Required by Government Auditing Standards	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12
Independent Auditor’s Management Letter	13 – 14

Orange County Industrial Development Authority

(a component unit of Orange County, Florida)

Management's Discussion and Analysis

Years Ended September 30, 2013 and 2012

The Orange County Industrial Development Authority (the "Authority") was created January 30, 1979, pursuant to Chapter 159, Part III, Florida Statutes, for the purposes of assisting in financing and refinancing capital projects that will foster economic development in Orange County, Florida.

The Authority contracts with the Economic Development Commission of Mid-Florida, Inc. (the "Commission") to market industrial revenue bonds to local industries and to assist in the administration of the Authority.

The Authority uses a financial resources measurement focus and the modified accrual basis of accounting. The Authority has no assets or liabilities. The bonds issued by the Authority constitute "no-commitment debt," and are, therefore, not reported as liabilities of the Authority.

Revenues of the Authority are based on bond applications and issuances, which can vary from year to year. Revenues are recognized when they are measurable and available. Application fees are received with an application for an industrial revenue bond and are nonrefundable. Issuance fees are received at the closing of a bond issue and are generally paid from bond proceeds.

Expenditures are incurred only when bond application and issuance fees are received. Expenditures of the Authority consist of management fees to the Commission. The management fee represents application and issuance fees remitted directly to the Commission under this agreement.

The Authority adopted a budget in the current year in compliance with state regulations. Since the Authority is a component part of the County, the budget was included in the County's budget.

During the years ended September 30, 2013 and 2012, the Authority issued \$49,105,000 and \$87,384,000, respectively, in industrial revenue bonds.

Application fees are generally \$1,500 for each application for an industrial revenue bond. Issuance fees are assessed at the closing of a bond issue at a rate of 0.5% on the first \$4 million borrowed and .25% on the remainder of the amount borrowed up to a maximum of \$75,000. The Authority received \$168,763 and \$141,569 during the years ended September 30, 2013 and 2012, respectively. The following is a summary of bond activity for the year ended September 30, 2013:

<i>Borrower</i>	<i>Bond Amount</i>	<i>Application Fee</i>	<i>Issuance Fee</i>
Trinity Preparatory School of Florida	\$13,000,000	\$1,500	\$ 42,500
Goodwill Industries of Central Florida	17,950,000	1,500	54,875
Vitag Florida, LLC (K&L Gates, LLP)	—	1,500	—
Jewish Federation of Greater Orlando	4,070,000	—	20,175
UCF Rosen Hospitality School	14,085,000	1,500	45,213
	\$49,105,000	\$6,000	\$162,763



Independent Auditor's Report

To the Board of Directors
Orange County Industrial Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Orange County Industrial Development Authority (the "Authority"), a component unit of Orange County, Florida, which comprise the statements of net assets as of September 30, 2013 and 2012, and the related statements of revenues, expenditures and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits 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 from 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 that 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 the Authority as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years 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 page 3 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 18, 2013 on our consideration of the Authority'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 the Authority's internal control over financial reporting and compliance.

Cross, Fernandez & Riley, LLP

Certified Public Accountants

December 18, 2013

Orange County Industrial Development Authority

(a component unit of Orange County, Florida)

Statements of Net Assets

<i>September 30,</i>	2013	2012
Assets	\$ -	\$ -
Liabilities and net assets	\$ -	\$ -

See accompanying notes to financial statements.

Orange County Industrial Development Authority

(a component unit of Orange County, Florida)

Statements of Revenues, Expenditures and Changes in Net Assets

<i>Year ended September 30,</i>	2013	2012
Operating revenues		
Application and issuance fees	\$ 168,763	\$ 141,569
Operating expenditures		
Management fees (Note 2)	168,763	141,569
Change in net assets	–	–
Net assets, beginning of year	–	–
Net assets, end of year	\$ –	\$ –

See accompanying notes to financial statements.

Orange County Industrial Development Authority

(a component unit of Orange County, Florida)

Statements of Cash Flows

<i>Year ended September 30,</i>	2013	2012
Cash flows from operating activities	\$ -	\$ -
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -
Noncash information:		
Application and issuance fees remitted directly to the Economic Development Commission (the "Commission") as payment for the Commission's management fees	\$ 168,763	\$ 141,569

See accompanying notes to financial statements.

Orange County Industrial Development Authority

(a component unit of Orange County, Florida)

Notes to Financial Statements

1. General Statement and Summary of Significant Accounting Policies

The Orange County Industrial Development Authority (the “Authority”) was created January 30, 1979, pursuant to Chapter 159, Part III, Florida Statutes, for the purpose of assisting in financing and refinancing capital projects which will foster economic development in Orange County, Florida (the “County”).

Reporting Entity

The accompanying financial statements include only the functions and activities of the Authority. As the Authority’s five-member board is appointed by the County’s Board of County Commissioners, the Authority is a component unit of the County as defined under *Governmental Accounting Standards*, issued by the Comptroller General of the United States.

Basis of Accounting

The Authority uses a financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). Revenues of the Authority consist of application and issuance fees. Application fees are received with an application for industrial revenue bonds and are nonrefundable. Issuance fees are received at the closing of a bond issue and are generally paid from the bond proceeds.

The Authority has no assets or liabilities.

Budgets

The Authority adopted a budget in the current year in compliance with state regulations. Since the Authority is a component part of the County, the budget was included in the County’s budget.

2. Management Fees

The Authority contracts with the Economic Development Commission of Mid-Florida, Inc. (the “Commission”) to administer the activities of the Authority. All application and issuance fees are remitted directly to the Commission under this agreement. The Commission’s primary activity involves promoting economic development in the mid-Florida area.

Orange County Industrial Development Authority

(a component unit of Orange County, Florida)

Notes to Financial Statements

3. Bond Issues

From inception to September 30, 2013, the Authority has issued \$825,787,000 in industrial development revenue bonds. During the years ended September 30, 2013 and 2012, the Authority issued \$49,105,000 and \$87,384,000 in industrial development revenue bonds, respectively. The aggregate principal amount payable for the bonds issued after October 1, 1996 is approximately \$234,358,000 at September 30, 2013. The bonds issued by the Authority constitute “no-commitment debt,” and are, therefore, not reported as liabilities of the Authority.

4. Subsequent Events

The Authority has evaluated events and transactions occurring subsequent to September 30, 2013 as of December 18, 2013, which is the date the financial statements were available to be issued. Subsequent events occurring after December 18, 2013 have not been evaluated by management. No material events have occurred since September 30, 2013 that require recognition or disclosure in the financial statements.

**Reports Required by Government
Auditing Standards**



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

The Board of Directors
Orange County Industrial Development Authority

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 Orange County Industrial Development Authority (the "Authority"), a component unit of Orange County, Florida, which comprise the statement of net assets as of September 30, 2013, and the related statements of revenues, expenditures and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2013.

Internal Control Over Financial Reporting

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

Cross, Fernandez & Riley, LLP

Certified Public Accountants

December 18, 2013



Independent Auditor's Management Letter

To the Board of Directors
Orange County Industrial Development Authority

We have audited the accompanying financial statements of the Orange County Industrial Development Authority (the "Authority"), a component unit of Orange County, Florida (the "County"), as of and for the year ended September 30, 2013, and have issued our report thereon dated December 18, 2013.

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. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, dated December 18, 2013, and it should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

- Section 10.554(1)(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 annual financial audit report. There were no recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Authority complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address 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.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 to accompanying financial statements for name and legal authority. The Authority does not have any component units.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Authority for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Cross, Fernandez & Riley, LLP

Certified Public Accountants

December 18, 2013