OSCEOLA COUNTY
EXPRESSWAY AUTHORITY

An Independent Special District of the State of Florida

FINANCIAL STATEMENTS

Period Ended December 31, 2018

C O N T E N T S

MSL

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Osceola County Expressway Authority
Kissimmee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Osceola County Expressway Authority (the "Authority") as of and for the six-month period ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority'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 opinions 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 Authority'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 Authority'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2018, and the respective change in financial position, and its cash flows for the six-month period then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Emphasis-of-matter

Termination of the Authority

As discussed in Note 7 to the financial statements, on December 3, 2018, the County approved the signing of the Amended and Restated Lease-Purchase Agreement with the Central Florida Expressway Authority ("CFX"). This agreement transfers all assets, liabilities, facilities, tangible and intangible property, and other legal rights of the Authority to CFX as of December 31, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this omitted information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 29, 2019, 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.

Moore Stephens Lovelace, P.A

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
May 29, 2019

BASIC FINANCIAL STATEMENTS

OSCEOLA COUNTY EXPRESSWAY AUTHORITY

STATEMENT OF NET POSITION

December 31, 2018

ASSETS	
Current Assets	
Restricted Cash and Cash Equivalents	$ 22,516,277
Due from Other Government	157,705
Total Current Assets	22,673,982
Noncurrent Assets	
Equipment	997,652
Infrastructure	83,258,953
Construction in Progress	2,654,075
Less Accumulated Depreciation	(4,351,800)
Total Noncurrent Assets	82,558,880
Total Assets	105,232,862
LIABILITIES	
Current Liabilities	
Accounts Payable	197,334
Accrued Interest	777,117
Lease Payable	704,831
Total Current Liabilities	1,679,282
Noncurrent Liabilities	
Payable from Restricted Assets	
Lease Payable	21,483,640
Lease Payable	66,211,894
Loan Payable	3,564,010
Total Noncurrent Liabilities	91,259,544
Total Liabilities	92,938,826
NET POSITION	
Net Investment in Capital Assets	6,411,698
Unrestricted	5,882,338
Total Net Position	$ 12,294,036

The accompanying notes are an integral part of the financial statements.

OSCEOLA COUNTY EXPRESSWAY AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Six Months Ended December 31, 2018

Operating Revenues	
Toll Revenues	$ 2,685,611
Total Operating Revenues	2,685,611
Operating Expenditures	
Accounting and Auditing	22,500
Travel and Per Diem	2,017
Contracted Services	366,237
Depreciation Expense	894,943
Other Current Charges	82,951
Total Operating Expenditures	1,368,648
Net Operating Income	1,316,963
Non-operating Revenues (Expenses)	
Interest Income	230,371
Debt Service Costs	(1,280,209)
Total Non-operating Revenues (Expenses)	(1,049,838)
Change in Net Position	267,125
Net Position - Beginning	12,026,911
Net Position - Ending	$ 12,294,036

The accompanying notes are an integral part of the financial statements.

OSCEOLA COUNTY EXPRESSWAY AUTHORITY

STATEMENT OF CASH FLOWS

For the Six Months Ended December 31, 2018

Cash Flows from Operating Activities	
Receipts from Customers	$ 2,949,509
Payments to Vendors	(387,754)
Net Cash Provided by Operating Activities	2,561,755
Cash Flows from Capital and Related Financing Activities	
Principal Payments	(24,935)
Interest Payments	(1,565,171)
Purchase of Capital Assets	(211,493)
Net Cash Used by Capital and Related Financing Activities	(1,801,599)
Cash Flows from Investing Activities	
Interest Revenue	230,371
Net Cash Provided by Investing Activities	230,371
Net Increase in Cash and Cash Equivalents	990,527
Cash and Cash Equivalents at Beginning of Year	21,525,750
Cash and Cash Equivalents at End of Year	$ 22,516,277
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$ 1,316,963
Depreciation Expense	894,943
Decrease in Prepaid	55,797
Decrease in Due from Other Government	263,898
Increase in Accounts Payable	30,154
Net Cash Provided by Operating Activities	$ 2,561,755

The accompanying notes are an integral part of the financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Osceola County Expressway Authority (the "Authority") is an agency of the State of Florida and was created in 2010 under Chapter 348 of the Florida Statutes for the purpose of construction and operation of an expressway road system (the "System") in Osceola County, Florida (the "County"). With the consent of the County within whose jurisdictional boundaries, the following activities occur: the Authority has the right to construct, operate, and maintain roads, bridges, avenues of access, thoroughfares, and boulevards, together with the right to construct, repair, replace, operate, install, and maintain electronic toll payment systems thereon. The Authority is composed of six members, three of whom are appointed by the governing body of the County, two members appointed by the Governor of the State of Florida, and the District Five Secretary of the FDOT, ex-officio. The Authority is authorized to issue revenue bonds to finance portions of the System and to execute the refunding of existing revenue bonds.

For financial reporting purposes, the Authority is a stand-alone entity; there are no component units included in the accompanying financial statements; and the Authority is not considered a component unit of another entity.

Basis of Accounting - The Authority prepares its financial statement on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which are similar to those for private-business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

The assets, liabilities, and net position of the Authority are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of the Authority's operations.

Operating Revenues and Expenses - The Authority's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its System.

Cash and Cash Equivalents - For purposes of the statements of cash flows, demand deposit accounts with commercial banks, and cash invested in commercial money market funds are considered cash equivalents. For investments that are held separately from the pools, those which are highly liquid, with an original maturity of 90 days or less when purchased, or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, are considered to be cash equivalents.

The Authority entered into a custody of funds agreement with the County, whereby the Authority's funds may be invested in a common investment pool. As such, the Authority's equity in the County's investment pool is considered to be a cash equivalent, since the Authority can deposit or effectively withdraw cash at any time without prior notice or penalty. Investment income is allocated based upon the average daily balance in the pool. The cash and cash equivalents restricted at December 31, 2018 was $22,516,277, which represents the amount deposited in the trust account and pooled cash account of $22,516,277, respectively, which can only be used for the construction projects, according to the lease agreement between the Authority and the County.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Capital Assets

Cost Basis - All capital assets are recorded at historical cost. The cost of property and equipment includes costs for infrastructure assets (rights-of-way, highways and bridges substructure, and highways and bridges), toll equipment, buildings, toll facilities, other related costs (including software), and furniture and equipment. Highways and bridges substructure includes road subbase, grading, land clearing, embankments, and other related costs. Costs for infrastructure assets include construction costs, design and engineering fees, administrative and general expenses paid from construction monies, and bond interest expense incurred during the period of construction.

Capitalization Policy - Costs to acquire additional capital assets and to replace existing assets or otherwise prolong their useful lives, are capitalized for toll equipment, buildings, toll facilities, other related costs, and furniture and equipment. It is the Authority's policy to capitalize amounts equal to or in excess of $1,000.

Depreciation Policy - Depreciation of toll equipment, buildings, toll facilities, other related costs, signs, software, and furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

Toll equipment	8 years
Buildings, toll facilities, and other	30 years
Signs	20 years
Software	3 years
Furniture and equipment	7 years
Infrastructure	50 years

Construction in Progress - Construction in progress represents costs incurred by the Authority for in-process activities designed to expand, replace, or extend useful lives of existing property and equipment.

Capitalized Interest - Interest costs on funds used to finance the construction of capital assets are capitalized based upon the blended cost of debt and depreciated over the life of the related assets in accordance with the above policies.

Budgets and Budgetary Accounting - The Authority adheres to the following procedures in establishing budgetary data:

On or before the last business day of April each year, the Executive Director shall cause to be delivered to each member of the Governing Board a preliminary operating and other capital (non-work program) budget of the Authority for the next fiscal year. The preliminary budget shall include all expenditures expected to be made by the Authority in the ensuing fiscal year and shall be divided into the following four categories: Operations, Maintenance, Administration, and Capital (non-work program expenses). The preliminary budget shall also set forth the amounts, if any, required to be deposited in funds and accounts in order to satisfy financial covenants made to creditors by which the Authority may then be bound. The Executive Director shall cause the preliminary budget to be presented by category and shall cause each category to be divided into such further classifications as the Executive Director shall determine to be necessary or appropriate in order to inform the Governing Board as to the nature of anticipated expenditures.

On or before the last business day of May each year, the Budget and Finance Committee shall meet to consider the preliminary budget and may recommend to the Executive Director revisions thereto. On or before June 15 each year, the Authority shall hold a workshop of the Governing Board to consider such revised budget and to adopt a budget for the ensuing fiscal year. Such workshop may be held as part of a regular meeting of the Authority.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Budgets and Budgetary Accounting (Continued)

When, in the course of a fiscal year, the Executive Director shall deem it advisable for the Authority to make an expenditure within a category that would cause the amount budgeted for such category (including allocable budgeted contingency amounts from any legally available source in an amount per category not to exceed ten percent (10%) of the amount budgeted for such category) to be exceeded, the Executive Director and Director of Finance may approve, in writing, a budget allocation between categories that would cause an increase of up to ten percent (10%) in a category's budget.

When deemed appropriate by the Governing Board, the Authority may develop and approve a Five-Year Work Program for Authority Projects. Upon activation of a Five-Year Work Program process, the following provisions shall apply:

On or before January 15 each year, the Executive Director shall cause to be delivered to each member of the Governing Board a preliminary budget of the Authority's Five-Year Work Program ("Work Program Budget"). The preliminary Work Program Budget shall include an upper limiting amount to be expended per project ("Total Project Cost") for all projects to be undertaken in the five-year period covered by the Work Program Budget. On or before January 31 each year, the Operations Committee shall meet to consider the preliminary Work Program Budget and may recommend to the Executive Director revisions thereto. On or before the last day of February each year, the Executive Director shall cause a revised Work Program Budget to be delivered to each member of the Governing Board. The Governing Board shall consider such revised Work Program Budget and adopt a Work Program Budget for the ensuing five years. Budgeted funds not spent in a prior fiscal year shall be rolled into the next year's budget. In no circumstance shall the approved Total Project Cost for any project be exceeded without the approval of the Governing Board.

When, in the course of a fiscal year, the Executive Director shall deem it advisable to propose any amendment to the adopted Operating Budget or the Work Program Budget, the Executive Director shall cause such amendment to be considered by the Governing Board (or to a Committee established by the Governing Board with jurisdiction over the particular Budget, which, in turn, may recommend such amendment to the Governing Board) for adoption. The Executive Director shall cause an amendment so presented to the applicable Committee or to the Governing Board to set forth such level of detail as shall be necessary in order to inform the Governing Board as to the nature of the proposed amendment.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents and Investment Portfolio - On May 8, 2012, the Authority entered into a Custody of Funds Agreement with the County to maintain and invest its cash. As of December 31, 2018, the Authority's cash and cash equivalents includes $1,032,638 in the County's pooled cash program and are held primarily in the Florida PRIME (formerly the Local Government Surplus Funds Trust Fund). In addition, as of December 31, 2018, $21,483,639 is maintained at BB&T in an interest-bearing account.

The Authority is authorized to invest in all state-approved investments identified in Section 218.415(17), Florida Statutes, which include:

1. The Florida PRIME administered by the State Board of Administration or any authorized intergovernmental investment pool;
2. Securities and Exchange Commission ("SEC") 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.

The Authority has no investment policy that would further limit its investment choices.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority maintains its cash and cash equivalents in the County's pooled cash program, which limits its interest rate risk by limiting investments maturities to no longer than five years. The average aggregate maturity of the investment portfolio is limited to a maximum of two years. In addition, the Authority has interest-bearing accounts at BB&T for the Poinciana Road Project, in a trustee capacity that are subject to interest rate risk. Money held for the credit of all funds, accounts, and subaccounts with BB&T shall be continuously invested and reinvested by the trustee in investment obligations or held as cash to the extent investment obligations are not practicable.

NOTE 3 - CAPITAL ASSETS

Capital assets are summarized as follows:

	June 30, 2018	Additions	Deletions	December 31, 2018
Capital assets not being depreciated/amortized				
Construction in progress	$ 2,442,582	$ 211,493	$ -	$ 2,654,075
Capital assets being depreciated				
Equipment	997,652	-	-	997,652
Infrastructure	83,258,953	-	-	83,258,953
Total assets being depreciated	84,256,605	-	-	84,256,605
Less accumulated depreciation	(3,456,857)	(894,943)	-	(4,351,800)
Total assets being depreciated, net	80,799,748	(894,943)	-	79,904,805
Total capital assets	$83,242,330	$ (683,450)	$ -	$ 82,558,880

NOTE 4 - LONG-TERM DEBT

On April 11, 2014, a Lease Purchase Agreement was made and entered into by and between the Authority and the County in which the County issued its Expressway System Senior Lien Revenue Bonds, Series 2014A and B, to pay a portion of the costs of the Poinciana Parkway Road and make the proceeds available for requisition by the Authority, pursuant to Section 5.05 of the Development Agreement. The County had entered into a State-Funded Infrastructure Bank Loan Agreement ("SIB Loan") with the State of Florida Department of Transportation ("FDOT") to pay a portion of the costs of the Poinciana Parkway Road, and the County agreed to make the SIB Loan proceeds available to the Authority. Under this lease agreement, the Authority agreed to assume certain obligations of the County related to Poinciana Parkway Road. The Authority's lease payable to the County was $88,400,365 as of December 31, 2018. This amount is to be repaid within 15 years of funding and shall accrue interest computed at a rate per annum equal to the Parkway Construction Bond Yield. Interest accrued at 5.82%, interest expense for the construction of Poinciana Parkway Road was capitalized, net of interest income following GASB statements. Interest income was $230,371 for the six-month period ended December 31, 2018.

On August 6, 2012, the Authority entered into a Contribution Agreement with Osceola County to provide funding for operation and startup costs. On September 26, 2016, Central Florida Expressway Authority ("CFX") paid $1,564,010, according to an Interlocal Agreement between the Authority and CFX. The total loan amount was $3,564,010 as of December 31, 2018. Amounts are to be repaid within fifteen years of funding.

The following is a schedule by years of the future minimum payments on the amounts due to governmental agencies:

Period Ending December 31,	Principal	Interest	Total Debt Service
2019	$ 704,831	$ 2,578,787	$ 3,283,618
2020	1,016,165	2,722,454	3,738,619
2021	1,242,267	2,886,351	4,128,618
2022	1,386,182	3,067,436	4,453,618
2023	1,528,052	3,270,566	4,798,618
2024 – 2028	4,020,431	23,379,552	27,399,983
2029 – 2033	13,726,396	28,463,457	42,189,853
2034 – 2038	15,994,530	28,157,070	44,151,600
2039 – 2043	22,979,665	22,064,226	45,043,891
2044 – 2048	29,365,856	4,125,312	33,491,168
	$ 91,964,375	$ 120,715,211	$ 212,679,586

Debt	Principal Balance 6/30/2018	Additions	Deletions	Principal Balance 12/31/2018	Due Within One Year
Loan Payable	$ 3,564,010	$ -	$ -	$ 3,564,010	$ -
Lease Payable	88,425,300	-	24,935	88,400,365	704,831
Total Long-Term Debt	$ 91,989,310	$ -	$ 24,935	$ 91,964,375	$ 704,831

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Commitments – The Poinciana Parkway project was completed during fiscal year 2017; there is no outstanding commitment as of December 31, 2018.

An Interlocal Agreement between the Authority and CFX was signed on August 26, 2016, where the Authority and CFX agree to request appropriate legislative amendment to Enabling Legislation to allow CFX the ability to acquire the Parkway as a System Project in its respective annual legislative programs before January 1, 2020, if some of the conditions in the Interlocal Agreement are met.

Pending Litigation - There are no lawsuits and claims arising in the ordinary course of the Authority's operations pending against the Authority. The Authority has not accrued any liability.

NOTE 6 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority has assumed the risk for and will later purchase commercial insurance as operations increase.

NOTE 7 - TERMINATION OF THE AUTHORITY

On December 3, 2018, the County approved the signing of the Amended and Restated Lease-Purchase Agreement with CFX, as successor to the Osceola County Expressway Authority. According to the agreement, in December 31, 2018, all assets, liabilities, facilities, tangible and intangible property, and other legal rights of the Authority will be transferred to CFX, including the Authority's right under the Lease Purchase Agreement between the County and the Authority for Poinciana Parkway. CFX will operate the portion of Poinciana Parkway located within Osceola County under the Restated Lease-Purchase Agreement. The County's Series 2014 Bonds will remain outstanding; debt service will continue to be paid from toll revenues. CFX will pursue development of an expansion of Poinciana Parkway to six lanes, and an extension of Poinciana Parkway to County Road 532 at the Osceola County/Polk County line. Following advancement of the expansion project and extension project by the CFX Board and written certification to the County that CFX intends to commence construction and has sufficient funds or bonding capacity to complete both projects, the County will convey its portion of Poinciana Parkway to CFX. In consideration, CFX will pay, or provide for payment of, the Osceola County's Series 2014 Bonds, and in addition, CFX will prepay the SIB Loan incurred by the County for the construction of Poinciana Parkway or assume the County's obligation for payment.

COMPLIANCE SECTION

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Certified Public Accountants

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*

Osceola County Expressway Authority
Kissimmee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Osceola County Expressway Authority (the "Authority") as of and for the six-month period ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 29, 2019.

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 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.

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 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 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*.

We noted certain other matters that we reported to management in a separate letter dated May 29, 2019.

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.

Moore Stephens Lovelace, P.A

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
May 29, 2019

MSL

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

Osceola County Expressway Authority
Kissimmee, Florida

We have examined the Osceola County Expressway Authority's (the "Authority") compliance with the requirements of Section 218.415, Florida Statutes, during the six-month period ended December 31, 2018. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with those requirements. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the six-month period ended December 31, 2018.

Moore Stephens Lovelace, P.A

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
May 29, 2019

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Osceola County Expressway Authority
Kissimmee, Florida

Report on the Financial Statements

We have audited the financial statements of the Osceola County Expressway Authority (the "Authority") as of and for the six-month period ended December 31, 2018, and have issued our report thereon dated May 29, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 29, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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. In connection with the preceding audit, there were no findings or recommendations.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the Authority 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.

Financial Condition and Management *(Continued)*

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *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.

Section 10.554(1)(i)2., *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.

Special District Component Units

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. There were no special district component units that were required to provide financial information to the Authority for the six-month period ended December 31, 2018.

Additional Matters

Section 10.554(1)(i)3., *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.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Authority, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
May 29, 2019