

Seminole County Industrial Development Authority

(A component unit of Seminole County, Florida)

Financial Report
September 30, 2019

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
Seminole County Industrial Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Seminole County Industrial Development Authority (the Authority), a component unit of Seminole County, Florida, as of and for the years ended September 30, 2019 and 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 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, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 February 21, 2020 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 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 the Authority'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 the Authority's internal control over financial reporting and compliance.

RSM US LLP

Orlando, Florida
February 21, 2020

**Seminole County Industrial Development Authority
(A component unit of Seminole County, Florida)**

Management’s Discussion and Analysis (Unaudited)

The Seminole County Industrial Development Authority (the Authority) was created March 10, 1987, 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 Seminole County, Florida (the County).

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

The operations of the Authority are accounted for in a single enterprise fund. Enterprise fund financial statements are reported using the economic resources measurement focus and the 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 (fee for service) of the Authority are based on bond applications and issuances, which can vary from year to year. Revenues are recognized when earned. 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.

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

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

During the years ended September 30, 2019, 2018 and 2017, the Authority issued \$3,000,000, \$0 and \$13,800,000 in industrial revenue bonds, respectively.

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. The Authority received \$16,500, \$0 and \$46,000 during the years ended September 30, 2019, 2018 and 2017, respectively. There was no bond activity for the year ended September 30, 2018. The following is a summary of bond activity for the years ended September 30, 2019 and 2017:

Borrower	2019			Total
	Bond Amount	Application Fee	Issuance Fee	
CCRC Development Corporation	\$ 3,000,000	\$ 1,500	\$ 15,000	\$ 16,500

Borrower	2017			Total
	Bond Amount	Application Fee	Issuance Fee	
CCRC Development Corporation	\$ 13,800,000	\$ 1,500	\$ 44,500	\$ 46,000

**Seminole County Industrial Development Authority
(A component unit of Seminole County, Florida)**

**Statements of Net Position
September 30, 2019 and 2018**

	2019	2018
Assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and net position	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

Seminole County Industrial Development Authority
(A component unit of Seminole County, Florida)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2019 and 2018

	2019	2018
Operating revenues:		
Application and issuance fees	\$ 16,500	\$ -
Operating expenses:		
Management fees (Note 2)	<u>16,500</u>	<u>-</u>
Change in net position	-	-
Net position:		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

Seminole County Industrial Development Authority
(A component unit of Seminole County, Florida)

Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
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	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosure of cash flow information:		
Application and issuance fees remitted directly to the Orlando Economic Partnership, Inc. (the Partnership) as payment for the Partnership's managements fees	<u>\$ 16,500</u>	<u>\$ -</u>

See notes to financial statements.

**Seminole County Industrial Development Authority
(A component unit of Seminole County, Florida)**

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: The Seminole County Industrial Development Authority (the Authority) was created March 10, 1987, 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 Seminole 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 Governmental Accounting Standards Board.

A summary of the Authority's significant accounting policies follows:

Basis of accounting: The operations of the Authority are accounted for in a single enterprise fund. Enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred. Revenues (fee for service) 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 unit of the County, the budget was included in the County's budget.

Recent accounting pronouncement: In May 2019, the Governmental Accounting Standards Board issued Statement No. 91, *Conduit Debt Obligations* (Statement 91). The primary objectives of Statement 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of Statement 91 are effective for reporting periods beginning after December 15, 2020. The Authority is currently evaluating the impact Statement 91 will have on its financial statements.

Note 2. Management Fees

The Authority contracts with the Orlando Economic Partnership, Inc. (the Partnership), formerly known as the Economic Development Commission of Mid-Florida, Incorporated, to administer the activities of the Authority. All application and issuance fees are remitted directly to the Partnership under this agreement. The Partnership's primary activity involves promoting economic development in the central Florida area.

Note 3. Bond Issues

From inception to September 30, 2019, the Authority has issued \$248,545,000 in industrial development revenue bonds. During the years ended September 30, 2019 and 2018, the Authority issued \$3,000,000 and \$0 in industrial development revenue bonds, respectively. The aggregate principal amount payable for the bonds issued after October 1, 1996, is approximately \$97,996,000 at September 30, 2019. The bonds issued by the Authority constitute "no-commitment debt," and are, therefore, not reported as liabilities of the Authority.



RSM US LLP

**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***

Independent Auditor's Report

To the Board of Directors
Seminole 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 the Seminole County Industrial Development Authority (the Authority), a component unit of Seminole County, Florida, which comprise the statement of net position as of September 30, 2019, and the related statements of revenues, expense and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 21, 2020.

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 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 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 the Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
February 21, 2020



RSM US LLP

**Management Letter Required by Chapter 10.550, Rules
of the Auditor General of the State of Florida**

To the Board of Directors
Seminole County Industrial Development Authority

Report on the Financial Statements

We have audited the financial statements of the Seminole County Industrial Development Authority (the Authority), a component unit of Seminole County, Florida (the County), as of and for the year ended September 30, 2019, and have issued our report thereon dated February 21, 2020.

Auditor's Responsibility

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.

Other Reporting Requirements

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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated February 21, 2020, 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 financial audit report. There were no recommendations made in the preceding financial audit report.

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. See Note 1 to the accompanying financial statements for name and legal authority. The Authority does not have any component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. 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 communicate 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.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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. In connection with our audit, we determined that the Authority did not have any special district component units.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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, Seminole County, Florida, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Orlando, Florida
February 21, 2020