

PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

**Meeting Date:** May 7, 2024                       **Consent**                       **Regular**  
     **Workshop**                       **Public Hearing**

**Department:** Office of Financial Management and Budget

**Submitted By:** Office of Financial Management and Budget

I. EXECUTIVE BRIEF

**Motion and Title: Staff recommends motion to receive and file:** The Financial Statements for the Florida Development Finance Corporation (FDFC) for the fiscal year ending June 30, 2023.

**Summary:** The FDFC has submitted their Financial Statements for fiscal year ending June 30, 2023 as per Section 288.9610, Florida Statutes. Countywide (DB).

**Background and Justification:** N/A

**Attachments:** Financial Statements

**Recommended by:** Sherry Brown                      3/27/2024  
    Department Director                      Date

**Approved by:** [Signature]                      4/2/24  
    County Administrator                      Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	_____	_____	_____	_____	_____

**# ADDITIONAL FTE POSITIONS (Cumulative)**

Is Item Included In Current Budget?                      Yes \_\_\_\_\_ No   X    
 Does this item include the use of Federal Funds?      Yes \_\_\_\_\_ No   X    
 Does this item include the use of State Funds?        Yes \_\_\_\_\_ No   X  

**Budget Account No. Fund \_\_\_\_\_ Department \_\_\_\_\_ Unit \_\_\_\_\_ Object \_\_\_\_\_**

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

**C. Departmental Fiscal Review:**

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Dev. and Control Comments:**

*[Handwritten Signature]*  
 OFMB *3/28/2024*  
*3/28*      *B 3/28*

\_\_\_\_\_  
 N/A  
 Contract Dev. and Control

**B. Legal Sufficiency:**

*[Handwritten Signature]*  
 \_\_\_\_\_  
 Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_  
 N/A  
 Department Director

March 18, 2024

Ms. Verdenia Baker  
County Administrator  
Palm Beach County  
301 N. Olive Avenue; Suite 1101  
West Palm Beach, FL 33401

Re: The Florida Development Finance Corporation  
Annual Reporting Requirements

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

- (1) Audit results conducted pursuant to Section 11.45, Florida Statutes;
- (2) A summary of the activities, operations and accomplishments of the Florida Development Finance Corporation which were conducted during the Fiscal Year ended June 30, 2023, including the number of businesses assisted by the Corporation; and
- (3) The assets, liabilities, income and operating expenses of the Corporation during fiscal year ended June 30, 2023, including a description of all outstanding revenue bonds.

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

Sincerely,

*Robert Harvey*

Robert Harvey, Esq.  
Executive Director



**FLORIDA DEVELOPMENT  
FINANCE CORPORATION**

**FINANCIAL STATEMENTS**

*As of and for the Year Ended June 30, 2023*

*And Reports of Independent Auditor*

**FLORIDA DEVELOPMENT FINANCE CORPORATION**  
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**SUPPLEMENTARY REPORT OF INDEPENDENT AUDITOR**

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## Report of Independent Auditor

To the Board of Directors  
Florida Development Finance Corporation:  
Winter Springs, Florida

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Florida Development Finance Corporation ("FDFC") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise FDFC's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of FDFC as of June 30, 2023, 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.

#### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of FDFC, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise doubt about FDFC's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 FDFC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FDFC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 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 February 28, 2024 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.

*Cherry Bekaert LLP*

Orlando, Florida  
February 28, 2024



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

# FLORIDA DEVELOPMENT FINANCE CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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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, 2023. Please read it in conjunction with the report of independent auditor and the basic financial statements.

## Financial Highlights

FDFC facilitated the authorization and issuance of \$1,416,155,000 in (16) new money bonds for the fiscal year ending June 30, 2023. The types of borrowers served by the FDFC bond process were 8 charter schools, 2 senior living facilities, 2 transportation facilities, 2 private schools, and 2 solid waste bonds. In all, FDFC received conduit debt application and issuance fees totaling \$2,157,362.

In addition, FDFC's Commercial Property Assessed Clean Energy ("C-PACE") Program facilitated the issuance of \$71,596,122 in 8 taxable C-PACE bonds during the fiscal year ending June 30, 2023. In all, FDFC received issuance fees totaling \$290,429 for the C-PACE Program. The Residential Property Assessed Clean Energy ("R-PACE") program was terminated by FDFC on June 1, 2020. However, FDFC continues to service the program in conjunction with County Tax Collectors throughout the state.

## 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, 2023

**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 \$8,105,357, representing an increase in net position for the year of \$1,401,154. 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)**

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change
<b>Assets</b>			
Cash and cash equivalents	\$ 8,061	\$ 6,725	\$ 1,336
Prepaid expenses	35	25	10
Capital assets, net	278	340	(62)
Total Assets	8,374	7,090	1,284
<b>Liabilities</b>			
Accounts payable	19	35	(16)
Accrued expenses	29	89	(60)
Lease liability	221	262	(41)
Total Liabilities	269	386	(117)
<b>Net Position</b>			
Investment in capital assets	57	78	(21)
Unrestricted	8,048	6,626	1,422
Total Net Position	<u>\$ 8,105</u>	<u>\$ 6,704</u>	<u>\$ 1,401</u>

Total cash and cash equivalents increased largely due to operating results leading to a significant increase in net position. Capital assets and the lease liability decreased due to amortization of the lease capitalized in prior year as a result of the implementation of Governmental Accounting Standards Board Statement No.87, *Leases*, ("GASB 87"), which requires leases to be capitalized on the statement of net position. Total accrued expenses decreased largely due to a severance payment due to the former Executive Director who left at the end of the prior fiscal year.

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

JUNE 30, 2023

**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 2023	Fiscal Year 2022	Dollar Change
<b>Revenue</b>			
Fees	\$ 2,810	\$ 3,579	\$ (769)
Other revenue	83	22	61
Total Revenue	2,893	3,601	(708)
<b>Expenses</b>			
General and administrative:			
Salaries and wages	849	1,011	(162)
Professional fees	221	123	98
Other	319	270	49
Program:			
PACE program	78	106	(28)
FRED	25	33	(8)
Total Expenses	1,492	1,543	(51)
Change in net position	1,401	2,058	(657)
Net position, beginning of year	6,704	4,646	2,058
Net position, end of year	\$ 8,105	\$ 6,704	\$ 1,401

The decrease in revenue is primarily due to 8 fewer traditional bond issuances than in prior year. The increase in other income is primarily due to the transfer of funds from FLSafe to a SPIA account which had a higher interest rate. The decrease in salaries and wages was a result of a severance payment for the previous Executive Director in the prior year as well as staff bonuses being removed. Professional fees increased due to 2 consultants that were hired to assist with business development for the traditional bonds during the fiscal year. Other expenses increased due to increased travel and lodging expenses during the year.

# FLORIDA DEVELOPMENT FINANCE CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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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 certain borrower and project types, such as 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 conditions 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:

Robert Harvey, Esq.  
Executive Director  
156 Tuskawilla Road, Suite 2340  
Winter Springs, Florida 32708

## **BASIC FINANCIAL STATEMENTS**

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

*JUNE 30, 2023*

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 8,060,812
Prepaid expenses	35,065

Noncurrent Assets:

Capital assets, net	<u>278,363</u>
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<b>Total Assets</b>	<u><u>8,374,240</u></u>
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**LIABILITIES**

Current Liabilities:

Accounts payable	18,525
Accrued expenses	29,159
Lease liability	44,081

Noncurrent Liabilities:

Lease liability	<u>177,118</u>
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<b>Total Liabilities</b>	<u><u>268,883</u></u>
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**NET POSITION**

Net investment in capital assets	57,164
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Unrestricted	<u>8,048,193</u>
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<b>Total Net Position</b>	<u><u>\$ 8,105,357</u></u>
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**FLORIDA DEVELOPMENT FINANCE CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

*YEAR ENDED JUNE 30, 2023*

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Revenues:	
Conduit debt application and issuance fees	\$ 2,157,362
Conduit debt reimbursement revenues	2,385
PACE program fees	652,407
Interest and other	<u>81,227</u>
Total Revenues	<u>2,893,381</u>
Expenses:	
Salaries and wages	849,445
PACE program direct expenses	102,456
Professional fees	221,449
Other	<u>318,877</u>
Total Expenses	<u>1,492,227</u>
Increase in net position	1,401,154
Net position, beginning of year	<u>6,704,203</u>
Net position, end of year	<u><u>\$ 8,105,357</u></u>



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

YEAR ENDED JUNE 30, 2023

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<b>Cash flows from operating activities:</b>	
Receipts from fees and expense reimbursements	\$ 2,812,154
Payments to service providers	(1,552,758)
Interest received	81,227
Net cash flows from operating activities	<u>1,340,623</u>
<b>Cash flows from investing activities:</b>	
Purchase of equipment	<u>(4,530)</u>
Net cash flows from investing activities	<u>(4,530)</u>
Net change in cash and cash equivalents	1,336,093
Cash and cash equivalents, beginning of year	<u>6,724,719</u>
Cash and cash equivalents, end of year	<u>\$ 8,060,812</u>
<b>Reconciliation of increase in net position to net cash flows:</b>	
Provided by operating activities:	
Increase in net position	\$ 1,401,154
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Depreciation and amortization	66,633
Changes in:	
Lease liability	(40,870)
Prepaid expenses	(9,789)
Accounts payable	(16,352)
Accrued expenses	(60,153)
Net cash flows from operating activities	<u>\$ 1,340,623</u>

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

JUNE 30, 2023

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**Note 1—Summary of significant accounting policies**

*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. The Residential Property Assessed Clean Energy (“R-PACE”) program ended June 1, 2020, issuing the final R-PACE bonds effective January 14, 2021.

FDFC was formed pursuant to Florida Statutes, Chapter 288, Part X and all acts supplemental thereto and amendatory thereof. FDFC is governed by a seven member Board of Directors, five of which are appointed by the Governor, subject to confirmation of the Senate, one representative from the Florida Department of Economic Opportunity, now known as the Florida Department of Commerce, and one representative from the Florida Division of Bond Finance. Each board member appointed by the Governor 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 (“GASB”) for being a component unit of the state of Florida.

The accompanying basic financial statements comply with the provisions of 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.

*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’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), including application of all relevant GASB pronouncements.

*Deposits and Investments* – FDFC places its cash on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all deposit accounts. At June 30, 2023, FDFC had approximately \$2,327,000 in excess of the insured amounts. Management believes the associated risk is minimized by placing such assets in quality financial institutions that are designated as qualified public depositories.

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 State of Florida Special Purpose Investment Account (“SPIA”).

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

JUNE 30, 2023

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**Note 1—Summary of significant accounting policies (continued)**

*Deposits and Investments (continued)* – FDFC’s investment in the SPIA is a qualifying local government investment pool and was assigned a rating of “AA-*f*” by the Standard & Poor’s Rating Service. As of June 30, 2023, FDFC had a balance of \$5,526,300 in the SPIA. FDFC’s position in the pool is valued on a dollar basis to determine the fair value factor of FDFC’s pool balance and is treated as a cash equivalent in financial statement presentation. The SPIA has no limitations or restrictions on withdrawals.

FDFC follows the investment policy of Florida Statute Section 218.415, which states 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.

*Capital Assets* – Capital assets consist of computers and equipment, furniture and fixtures, 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.

FDFC has received a right-to-use asset for a building as a result of GASB Statement No. 87, *Leases*. The right-to-use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, lease incentives, and ancillary charges necessary to place the lease into service. The right-to-use asset is amortized on a straight-line basis over the life of the related lease.

*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 recognized when received.

*Reimbursement Revenues* – Revenues recognized as reimbursement for conduit debt projects and the PACE program are recorded in the same period as related expenses are incurred.

*Use of Estimates* – The preparation of basic financial statements in conformity with U.S. GAAP 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.

*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.

*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 the levy and collection of special assessments as the repayment mechanism of PACE finances 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**

JUNE 30, 2023

**Note 2—Capital assets**

The following is a summary of changes in capital assets during the year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets:				
Leasehold improvements	\$ 139,328	\$ -	\$ -	\$ 139,328
Computers and equipment	49,421	1,547	-	50,968
Furniture and fixtures	4,517	2,983	-	7,500
Right-to-use asset - building	275,363	-	-	275,363
Total capital assets	<u>468,629</u>	<u>4,530</u>	<u>-</u>	<u>473,159</u>
Less accumulated depreciation/amortization for:				
Leasehold improvements	42,576	18,971	-	61,547
Computers and equipment	41,445	4,297	-	45,742
Furniture and fixtures	1,228	452	-	1,680
Right-to-use asset - building	42,914	42,913	-	85,827
Total accumulated depreciation/amortization	<u>128,163</u>	<u>66,633</u>	<u>-</u>	<u>194,796</u>
Capital assets, net	<u>\$ 340,466</u>	<u>\$ (62,103)</u>	<u>\$ -</u>	<u>\$ 278,363</u>

FDFC's total depreciation and amortization expense was \$66,633 for the year ended June 30, 2023.

**Note 3—Related party transactions**

FDFC enters into bond financing transactions on behalf of borrowers with various financial institutions and investors whereby bond documents have been approved by FDFC's Board of Directors. Certain board members may be affiliated with financial institutions, which issue term sheets to purchase the bonds. In such cases, these board members would recuse themselves from voting on items with such affiliation. It is management's opinion that these transactions have been conducted at arm's length.

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

JUNE 30, 2023

**Note 4—Leases**

GASB 87 was implemented by FDFC effective July 1, 2021. The primary objective of this statement is to enhance the relevance and consistency of information about leasing activities. Under this standard, FDFC is required to record an intangible right-to-use lease asset as part of capital assets and to record an associated liability at the present value of future lease payments.

FDFC entered into a lease through November 2027 as lessee for the use of an office building. The lease has an interest rate of 4%. A lease liability was recorded as of July 1, 2021 in the amount of \$300,896, with a remaining balance of \$221,199 at June 30, 2023. The value of the right-to-use asset as of June 30, 2023 was \$275,363, with accumulated amortization of \$85,827.

Lease liability activity during the fiscal year ending June 30, 2023 was as follows:

Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
\$ 262,069	\$ -	\$ 40,870	\$ 221,199	\$ 44,081
\$ 262,069	\$ -	\$ 40,870	\$ 221,199	\$ 44,081

Below is a schedule of lease payment activity for future years:

	Total Principal	Total Interest	Total Payments
2024	\$ 44,081	\$ 8,053	\$ 52,134
2025	47,470	6,228	53,698
2026	51,044	4,265	55,309
2027	54,814	2,155	56,969
2028	23,790	238	24,028
	\$ 221,199	\$ 20,939	\$ 242,138

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

JUNE 30, 2023

**Note 5—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 of Florida, 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 and commercial bonds conduit debt outstanding for the year ended June 30, 2023 are as follows:

	Balance at July 1, 2022	Additions	Reductions*	Balance at June 30, 2023
2019 PACE Residential Bonds	\$ 10,086,699	\$ -	\$ 1,797,858	\$ 8,288,841
2020 PACE Residential Bonds	28,744,402	-	3,407,098	25,337,304
2020 PACE Commercial Bonds	10,404,204	-	260,524	10,143,680
2021 PACE Residential Bonds	7,614,041	-	1,106,005	6,508,036
2021 PACE Commercial Bonds	38,929,775	-	555,445	38,374,330
2022 PACE Commercial Bonds	45,741,040	-	6,129,352	39,611,687
2023 PACE Commercial Bonds	-	71,596,122	-	71,596,122
Total PACE bonds	<u>\$ 141,520,161</u>	<u>\$ 71,596,122</u>	<u>\$ 13,256,283</u>	<u>\$ 199,860,001</u>

\* Note: Reductions in principal result from annual special assessment collections and full or partial prepayments.

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

JUNE 30, 2023

**Note 5—Conduit debt (continued)**

Changes in other bonds conduit debt outstanding for the year ended June 30, 2023 are as follows:

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023
2002 Series C4 Serigraphics Arts, Inc.	\$ 50,000	-	\$ 50,000	\$ -
2008 Series A Sculptor Charter School	4,080,000	-	4,080,000	-
2009 Series Center Court Properties, Inc.	1,090,000	-	110,000	980,000
2009 Series Airport Properties Partners, LLC	10,130,000	-	155,000	9,975,000
2012 Series Sculptor Charter School	655,000	-	655,000	-
2012 Series A&B Montverde Academy, Inc.	3,150,000	-	3,150,000	-
2013 Series A&B Renaissance Charter Schools, Inc.	71,780,000	-	71,780,000	-
2013 Series A UF Health-Jacksonville	56,700,000	-	-	56,700,000
2014 Series A&B Miami Arts, Inc.	30,760,000	-	760,000	30,000,000
2014 Series A&B Renaissance Charter Schools, Inc.	47,015,000	-	1,115,000	45,900,000
2014 Series A&B Downtown Doral Charter School, Inc.	20,695,000	-	430,000	20,265,000
2014 Series A&B FL Charter Educational Foundation, Inc.	13,165,000	-	13,165,000	-
2014 Series A American Public Media Group	8,165,000	-	375,000	7,790,000
2015 Series A Divine Savior Lutheran Academy	25,219,789	-	1,082,021	24,137,768
2015 Series A&B Renaissance Charter Schools, Inc.	86,445,000	-	1,550,000	84,895,000
2015 Series A&B UF Health- Jacksonville	85,000,000	-	-	85,000,000
2016 Series A&B The Pepin Academies, Inc.	11,600,000	-	210,000	11,390,000
2016 Series A&B Franklin Academy	46,290,000	-	1,030,000	45,260,000
2016 Series A&B Florida Charter Educational Foundation	37,530,000	-	685,000	36,845,000
2017 Series A&B Classical Preparatory, Inc.	9,570,000	-	180,000	9,390,000
2017 Series A&B Palm Bay Academy, Inc.	7,715,000	-	310,000	7,405,000
2017 Series C&D Palm Bay Academy, Inc.	3,640,000	-	-	3,640,000
2017 Series E&F Palm Bay Academy, Inc.	2,970,000	-	-	2,970,000
2017 Series A&B Southwest Charter Foundation, Inc.	38,040,000	-	660,000	37,380,000
2017 Series A&B Downtown Doral Charter School, Inc.	5,840,000	-	135,000	5,705,000
2017 Series C&D Downtown Doral Charter School, Inc.	38,990,000	-	-	38,990,000
2017 Series Waste Pro USA, Inc.	32,500,000	-	32,500,000	-
2018 Series A&B Classical Preparatory, Inc.	4,275,000	-	80,000	4,195,000
2018 Series A&B Learning Gate Community School, Inc.	8,610,000	-	160,000	8,450,000
2018 Series A Central Florida Fair, Inc.	4,897,967	-	100,000	4,797,967
2019 Series A&B Imagine School Broward	18,830,000	-	360,000	18,470,000
2019 Series A&B Athenian Academy	18,425,000	-	-	18,425,000
2019 Series A Virgin Trains USA	1,540,000,000	-	-	1,540,000,000
2019 Series A&B UF Jacksonville Physicians, Inc.	26,345,000	-	1,000,000	25,345,000
2019 Series Waste Pro USA, Inc.	46,515,000	-	-	46,515,000
2019 Series A&B Classical Preparatory, Inc.	4,865,000	-	90,000	4,775,000
2019 Series A-1 Brightline Trains Florida LLC (f/k/a Virgin Trains USA Florida LLC)	210,000,000	-	-	210,000,000
2019 Series B Brightline Trains Florida LLC (f/k/a Virgin Trains USA Florida LLC)	950,000,000	-	-	950,000,000
2020 Series A&B Cornerstone Classical Academy	16,960,000	-	-	16,960,000
2020 Series A&B Renaissance Charter Schools, Inc.	93,715,000	-	1,425,000	92,290,000
2020 Series A&B The Pepin Academies	11,365,000	-	185,000	11,180,000
2020 Series A&B Nova Southeastern University	210,905,000	-	12,380,000	198,525,000
2020 Series A&B Tampa Life Plan Village, Inc.	69,965,000	-	-	69,965,000
2020 Series C&D Renaissance Charter School, Inc. (2010 Refi)	63,815,000	-	1,005,000	62,810,000
2020 Series A&B United Cerebral Palsy of Central Florida, Inc.	14,190,000	-	240,000	13,950,000
2020 Series A Foundation Academy of Winter Garden, Inc.	6,685,000	-	280,000	6,405,000
2020 Series A&B Discovery High School, Inc.	26,735,000	-	355,000	26,380,000
2020 Series A&B&C Archimedean Academy, Inc.	22,976,000	-	4,935,348	18,040,652
2020 Series A Mater Academy Foundation	127,450,000	-	-	127,450,000
2020 Series A&B A-1 Roof Trusses Ltd. Company	16,919,311	-	16,919,311	-
2020 Series A Mayflower Retirement Center, Inc.	60,135,000	-	450,000	59,685,000
2020 Series A&B&C Bay Area Charter Foundation, LLC	63,060,000	-	1,010,000	62,050,000

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

JUNE 30, 2023

**Note 5—Conduit debt (continued)**

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023
2021 Series A&B&C Naples Classical Academy	\$ 24,680,000	\$ -	\$ -	\$ 24,680,000
2021 Series A&B River City Science Academy	34,865,000	-	-	34,865,000
2021 Series A&B Oak Creek Charter School of Bonita Springs	17,825,000	-	230,000	17,595,000
2021 Series A&B Roswell US LLC	7,251,041	-	561,900	6,689,141
2021 Series A Glenridge on Palmer Ranch	88,360,000	-	890,000	87,470,000
2021 Series A Waste Pro USA	105,175,000	-	-	105,175,000
2021 Series A&B Global Outreach Charter Academy	23,720,000	-	-	23,720,000
2021 Series A IMG Holding, LLC	3,616,163	-	203,505	3,412,658
2021 Series A&B&C - Renaissance Charter 2013 refund/new	112,155,000	-	1,420,000	110,735,000
2021 Series A&B - Mayflower Retirement Community	79,560,000	-	440,000	79,120,000
2021 Series A - Lakeland Regional Health Systems	213,160,000	-	12,550,000	200,610,000
2021 Series A&B - Creative Inspiration Journey School	17,150,000	-	-	17,150,000
2021 Series A&B&C - Navigator Academy of Leadership, DRAW 1	16,600,000	-	-	16,600,000
2021 Series A - LCI, II (Lakeview Center - Baptist Health)	21,910,000	-	-	21,910,000
2021 Series A&B - Dr. Kiran & Pallavi Patel (Patel Charter)	22,900,000	-	455,000	22,445,000
2021 Series A - Brightline 2021, Phase III (Escrow)	500,000,000	-	500,000,000	-
2021 Series A&B - Imagine School at Broward	7,890,000	-	-	7,890,000
2021 Series A&B&C&D - San Jose Schools	56,765,000	-	-	56,765,000
2022 Series A - The Cabana at Jensen Dunes, 2022A	34,300,000	-	-	34,300,000
2022 Series A&B - Dreamers Academy	20,875,000	-	-	20,875,000
2022 Series A - Shands Jacksonville Medical Center (UF Health)	312,405,000	-	-	312,405,000
2022 Series - The Pine School	8,689,357	-	182,138	8,507,219
2021 Series A-1 - Brightline 2021, Phase III (partial remarketing)	285,000,000	-	285,000,000	-
2022 Series A&B - River City Science Academy	16,765,000	-	-	16,765,000
2022 Series B - The Cabana at Jensen Dunes	5,025,000	-	-	5,025,000
2022 Series A - FL Institute for Human & Machine Cognition	25,000,000	-	18,471,681	6,528,319
2022 Series A&B&C - Renaissance Charter Schools	57,600,000	-	840,000	56,760,000
2022 Series A - Mater Academy	114,405,000	-	-	114,405,000
2022 Series A - Goodwill Industries - Manasota, Inc.	14,409,778	-	515,387	13,894,391
2022 Series A&B - Innovation Montessori, Inc.	28,490,000	-	-	28,490,000
2022 Series A&B&C - Convivial Jacaranda Trace	96,870,000	-	-	96,870,000
2022 Series A&B - Horizon Growth Fund	25,000,000	-	-	25,000,000
2022 Series IPS Florida LLC _ IDEA Florida, Inc. Jacksonville IV Project	-	22,600,000	-	22,600,000
2022 Series A&B Episcopal School of Jacksonville, Inc.	-	26,000,000	-	26,000,000
2022 Series & 2021A-1 Brightline Trains Florida LLC (f/k/a Virgin Trains USA Florida LLC)	-	770,000,000	-	770,000,000
2022 Series A&B Central Charter School Project	-	50,575,000	-	50,575,000
2022 Series Waste Pro USA, Inc. (Remarketing for 2017)	-	32,500,000	-	32,500,000
2022 Series A&B Cornerstone Charter Academy	-	45,125,000	-	45,125,000
2022 Seaside Community Charter School Project	-	22,000,000	-	22,000,000
2022 Series Fleet Landing Project	-	15,000,000	-	15,000,000
2022 Series A&B Tampa Life Plan Village, Inc.	-	9,000,000	-	9,000,000
2022 Series D&E- Renaissance Charter Schools	-	9,725,000	100,000	9,625,000
2022 Series B - River City Science Academy	-	12,855,000	-	12,855,000
2022 Series Global Outreach Charter Academy	-	25,500,000	-	25,500,000
2022 Series - Academir Osceola	-	16,750,000	-	16,750,000
2023 Series A Brightline Trains Florida LLC (f/k/a Virgin Trains USA Florida LLC)	-	215,000,000	-	215,000,000
2023 Series A&B Parrish Charter Academy	-	23,525,000	-	23,525,000
2023 Series A Waste Pro USA, Inc.	-	120,000,000	-	120,000,000
Total other bonds	<u>\$ 6,734,839,406</u>	<u>\$ 1,416,155,000</u>	<u>\$ 997,001,291</u>	<u>\$ 7,153,993,115</u>



**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  
Winter Springs, 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 Florida Development Finance Corporation ("FDFC") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise FDFC's basic financial statements, and have issued our report thereon dated February 28, 2024.

**Report on 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") as a basis for designing 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 or significant deficiencies may exist that have not been identified.

**Report on 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 financial statements. 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 FDFC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FDFC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cherry Bekaert LLP*

**Orlando, Florida**  
February 28, 2024

