

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</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
 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:

<p><i>John Mente</i> 11/5/2022 _____ OFMB <i>11/5</i> <i>AP</i> <i>11/5</i></p>	<p>_____ N/A Contract Dev. and Control</p>
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B. Legal Sufficiency:

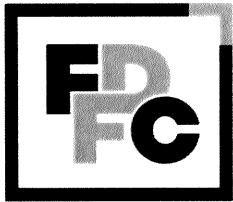
Del C. W. 11/5/2020

 Assistant County Attorney

C. Other Department Review:

_____ N/A
 Department Director

This summary is not to be used as a basis for payment



**FLORIDA
DEVELOPMENT
FINANCE** CORP.

Sherry Baum

OCT 20 2020

October 28, 2020

Ms. Verdenia Baker
County Administrator
Palm Beach County
301 N. Olive Avenue, Suite 1101
West Palm Beach, Florida 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, 2020, 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, 2020, 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,

A handwritten signature in black ink, appearing to read 'W. Spivey, Jr.' with a stylized flourish at the end.

William Franklin Spivey, Jr.
Executive Director

156 Tuskawilla Road | Suite 2340 | Winter Springs, FL 32708

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**FLORIDA DEVELOPMENT
FINANCE CORPORATION**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

And Reports of Independent Auditor

Report of Independent Auditor

To the Board of Directors,
Florida Development Finance Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Development Finance Corporation ("FDFC") as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Development Finance Corporation as of June 30, 2020, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

JUNE 30, 2020

Financial Analysis

Net Position

Net position may serve over time as a useful indicator of FDFC's financial position. FDFC's assets exceeded liabilities by \$3,438,629, representing an increase in net position for the year of \$68,326. 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 2020	Fiscal Year 2019	Dollar Change
Assets			
Cash	\$ 3,339	\$ 3,331	\$ 8
Accounts receivable	37	-	37
Prepaid expenses	31	31	-
Capital assets, net	59	31	28
Total assets	<u>3,466</u>	<u>3,393</u>	<u>73</u>
Liabilities			
Accounts payable	10	12	(2)
Accrued expenses	18	11	7
Total liabilities	<u>28</u>	<u>\$ 23</u>	<u>5</u>
Net Position			
Investment in capital assets	59	31	28
Unrestricted	3,379	3,339	40
Total net position	<u>\$ 3,438</u>	<u>\$ 3,370</u>	<u>\$ 68</u>

Total accounts receivable increased due largely to amounts due from Renovate America in the current year. Total capital assets increased due largely to the design plan and buildout for the office in the current year.

FLORIDA DEVELOPMENT FINANCE CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Economic Factors

FDFC's primary business is the issuance of tax exempt revenue bonds, which are permissible under the U.S. Internal Revenue Service's private activity regulations and Chapter 288, Part X, Florida Statutes. Those regulations, subject to a number of limitations and restrictions, allow small manufacturers and non-profit corporations to finance capital assets with tax exempt bond proceeds.

FDFC's revenues are exclusively generated by fees charged for issuance of bonds, and the volume of bond issuance can be directly impacted by general economic and perception of policies for conduit issuance by potential borrowers and their finance team. COVID-19 delayed the issuance of six (6) bond deals due to lack of liquidity and appetite for non-rated bonds from March through June 2020. Only highly rated bonds were desired and purchased during this time, as non-investment grade paper did not start pricing until subsequent to year-end.

Requests for Information

This financial report is designed to provide a general overview of FDFC's finances for all those with an interest in FDFC's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Bill Spivey
Executive Director
156 Tuskawilla Road, Suite 2340
Winter Springs, Florida 32708

FLORIDA DEVELOPMENT FINANCE CORPORATION
STATEMENT OF NET POSITION

JUNE 30, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$	3,339,353
Accounts receivable		36,500
Prepaid expenses		31,162
Capital assets, net		<u>59,351</u>

Total Assets 3,466,366

LIABILITIES

Current Liabilities:

Accounts payable		9,610
Accrued expenses		<u>18,127</u>

Total Liabilities 27,737

NET POSITION

Net investment in capital assets		59,351
Unrestricted		<u>3,379,278</u>

Total Net Position 3,438,629

Total Liabilities And Net Position \$ 3,466,366

See notes to financial statements.

FLORIDA DEVELOPMENT FINANCE CORPORATION
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

Cash Flows From Operating Activities:	
Receipts from fees and expense reimbursements	\$ 1,304,916
Payments to service providers	(1,300,984)
Interest received	49,086
Net Cash Provided by Operating Activities	<u>53,018</u>
Cash Flows From Investing Activities:	
Purchase of equipment	(44,728)
Net Cash Used in Investing Activities	<u>(44,728)</u>
Net Increase in Cash and Cash Equivalents	8,290
Cash and Cash Equivalents, Beginning of Year	<u>3,331,063</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,339,353</u>
 Reconciliation of Increase in Net Position to Net Cash	
Used in Operating Activities:	
Increase in net position	\$ 68,326
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Depreciation	16,753
Changes in:	
Accounts receivable	(36,500)
Prepaid expenses	318
Accounts payable	(2,725)
Accrued expenses	6,846
Net Cash Provided by Operating Activities	<u>\$ 53,018</u>

See notes to financial statements.

FLORIDA DEVELOPMENT FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

C. Deposits and Investments (continued)

FDFC follows the investment policy of Florida Statute §218.415, which states that units of local government electing not to adopt a written investment policy may invest or reinvest any surplus public funds in their control or possession in (1) the Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, (2) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, (3) interest-bearing time deposits or savings accounts in qualified public depositories, and (4) direct obligations of the U.S. Treasury.

D. Capital Assets

Capital assets consist of 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.

E. Conduit Debt Issuance Fees

Issuance fees paid by borrowers for conduit debt obligations are generally recognized as revenue in the period the bonds are issued; however, application fees are not refundable and are typically recognized when received.

F. Reimbursement Revenues

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

G. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Income Taxes

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

I. FDFC PACE Program Agreement with FRED

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

FLORIDA DEVELOPMENT FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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, 2020 are as follows:

	Balance at July 1, 2019		Additions	Reductions	Balance at June 30, 2020	
2019 PACE Residential Bonds	\$	20,935,357	\$ -	\$ 768,403	\$	20,166,954
2020 PACE Residential Bonds		-	42,146,303	-		42,146,303
2020 PACE Commercial Bonds		-	17,346,666	-		17,346,666
Total PACE Bonds	\$	20,935,357	\$ 59,492,969	\$ 768,403	\$	79,659,923

**SUPPLEMENTARY REPORT OF
INDEPENDENT AUDITOR**

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

A handwritten signature in black ink that reads "Cheryl Behrman" followed by a stylized flourish.

Orlando, Florida
October 15, 2020