

**ORANGE COUNTY EDUCATIONAL
FACILITIES AUTHORITY**

(A COMPONENT UNIT OF ORANGE
COUNTY, FLORIDA)

FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

And Reports of Independent Auditor

**ORANGE COUNTY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF ORANGE COUNTY, FLORIDA)**

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Report of Independent Auditor

To the Members of the
Orange County Educational Facilities Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and General Fund of the Orange County Educational Facilities Authority (the "Authority"), a component unit of Orange County, Florida, as of and for the year ended September 30, 2017, 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 the 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 the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Authority as of September 30, 2017, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Orange County Educational Facilities Authority and do not purport to, and do not, present fairly the financial position of Orange County, Florida as of September 30, 2017, the changes in financial position, or, where applicable, its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the accompanying table of contents 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 a report dated February 27, 2018, 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 the 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.



Orlando, Florida
February 27, 2018

ORANGE COUNTY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF ORANGE COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2017

As management of the Orange County Educational Facility Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the fiscal year ended September 30, 2017.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements.

Overview of the Financial Statements

The Authority was created on April 10, 1996 by an act of Orange County, Florida (the "County") pursuant to Florida Statutes Chapter 243, Part II. The purpose of the Authority is to assist accredited institutions of higher education in the acquisition, construction, financing, and refinancing of projects within the geographical limits of the County.

The Authority has no assets, liabilities or financial statement operating activity. The Authority is a "conduit" agent for tax-exempt bond issuances used to finance needs of educational organizations. Substantially all of the Authority's rights and obligations under bond indentures are assigned to the respective trustees, and all related assets and revenues are substantially restricted under the terms of the bond related documents for payment of bond principal and interest, authorized administration expenses, and the extension of loans. Therefore, bonds outstanding, loans receivable, and respective net position available for debt service of the bond issues have not been included in the accompanying financial statements.

The Authority uses a financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are recognized when incurred, if measurable. The Authority receives no fees and incurs no expenditures. Applicable professional fees are paid by borrowers in connection with bond offerings. There are no other vendor charges.

The Authority does not adopt an annual budget due to the nature of its operations and there is no legal requirement to adopt an annual budget.

During the fiscal year ended September 30, 2017, there were no new bonds issued for which the Authority acted as a conduit agent.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes are included in this report after the basic financial statements.

BASIC FINANCIAL STATEMENTS

ORANGE COUNTY EDUCATIONAL FACILITIES AUTHORITY
 (A COMPONENT UNIT OF ORANGE COUNTY, FLORIDA)
 STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets	\$ -	\$ -	\$ -
Liabilities	\$ -	\$ -	\$ -
Fund Balance/Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ORANGE COUNTY EDUCATIONAL FACILITIES AUTHORITY
 (A COMPONENT UNIT OF ORANGE COUNTY, FLORIDA)
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
 EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Excess revenues over (under) expenditures	-	-	-
Fund balances/net position, beginning of year	-	-	-
Fund balances/net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ORANGE COUNTY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF ORANGE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2017

Note 1 – Summary of significant accounting policies

Reporting Entity – The Orange County Educational Facilities Authority (the “Authority”) was created on April 10, 1996 by Ordinance 96.7 of Orange County, Florida (the “County”) pursuant to Florida Statutes Chapter 243, Part II. The purpose of the Authority is to assist not for profit accredited institutions of higher education in the acquisition, construction, financing, and refinancing of projects within the geographical limits of the County. The Authority has seven members appointed by the Orange County Board of County Commissioners, one of whom shall be a trustee, director, officer or employee of an institution of higher education. The Authority has no employees and no management apart from the Board, nor a chief administrative or executive officer, but it depends on legal counsel for day-to-day operations.

The Authority is considered a discrete component unit of the County because Orange County’s Board of County Commissioners appoints all members of the Authority’s governing board and has the ability to impose its will in certain circumstances. The Authority has determined that there are no other units that meet the criteria for inclusion in the Authority’s financial statements.

Measurement focus, basis of accounting, and financial statement presentation – The Statement of Net Position and Statement of Activities are reported using a financial resources measurement focus and the accrual basis of accounting. The General Fund is the Authority’s operating fund, which accounts for all financial resources and expenditures applicable to the general operations of the Authority. It is presented as a major governmental fund, which uses the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Authority considers all revenues available if collected within 60 days after year-end. Expenditures are recognized when the related fund liability is incurred. The Authority receives no fees and incurs no expenditures. Applicable professional fees are paid by borrowers in connection with bond offerings. There are no other vendor charges.

The Authority is a “conduit” agent for tax-exempt bond issuances used to finance needs of educational organizations. Substantially all of the Authority’s rights and obligations under bond indentures are assigned to the respective trustees and borrowers, and all related assets and revenues are substantially restricted under the terms of the bond related documents for payment of bond principal and interest, authorized administrative expenses, and the extension of loans. Therefore, bonds outstanding, loans receivable, and respective net position available for debt service of the bond issues have not been included in the accompanying financial statements.

Budgets – The Authority does not adopt an annual budget due to the nature of its operations. There is no legal requirement that a budget be adopted.

ORANGE COUNTY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF ORANGE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2017

Note 2 – Summary of bonds issued through the Authority

Under the provisions of the Florida Educational Facilities Authority Law, bonds issued through the Authority are payable solely from monies and other assets pledged under indentures of trust with respective bond trustees and do not constitute general obligations of the Authority.

The following is a schedule of bonds outstanding as of September 30, 2017:

<u>Borrower</u>	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Principal Balance Outstanding</u>
Rollins College - Series 2007	9/7/2007	<u>\$ 25,000,000</u>	<u>\$ 21,130,000</u>
		<u><u>\$ 25,000,000</u></u>	<u><u>\$ 21,130,000</u></u>

Note 3 – Subsequent events

On December 1, 2017, the principal balance outstanding on the Rollins College – Series 2007 bonds was paid in full.

**SUPPLEMENTARY REPORTS
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 Members of the
Orange County Educational Facilities Authority:

We have audited, 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, the financial statements of the governmental activities and General Fund of the Orange County Educational Facilities Authority (the "Authority"), a component unit of Orange County, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 27, 2018.

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 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 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 LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
February 27 2018

Independent Auditor's Management Letter

To the Members of the
Orange County Educational Facilities Authority:

Report on the Financial Statements

We have audited the financial statements of the Orange County Educational Facilities Authority (the "Authority"), a component unit of Orange County, Florida, as of and for the year ended September 30, 2017, and have issued our report thereon dated February 27, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the 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 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*, and our Report of Independent Accountant on Compliance with Local Government Investment Policies regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 27, 2018, 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. No recommendations were made in the preceding annual 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. The Authority was established as described in Note 1 to the financial statements. There are no component units related to the Authority.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556b(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, the results of our tests did not indicate the Authority met any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. 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 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.

Annual Financial Report

Section 10.554(1)(i)5.b. 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 the annual financial report for the Authority for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. The Authority files its annual financial report on a consolidated basis with Orange County, Florida. Our review of the Orange County, Florida report filed with the Florida Department of Financial Services is referred to in the management letter for Orange County, Florida.

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 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

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cheryl Behrman CPA".

Orlando, Florida
February 27, 2018

**Report of Independent Accountant on Compliance
With Local Government Investment Policies**

To the Members of the
Orange County Educational Facilities Authority:

We have examined the Orange County Educational Facilities Authority (the "Authority"), a component unit of Orange County, Florida, compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017. Management of the Authority is responsible for the Authority's compliance with the specific requirements. Our responsibility is to express an opinion on the Authority's compliance with the specific requirements 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, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence 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 the specified requirements.

In our opinion, the Authority complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.



Orlando, Florida
February 27, 2018