

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016**

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Florida Green Finance Authority
Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Florida Green Finance Authority, Florida (the "Authority") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 each major fund of the Authority as of September 30, 2016, and the respective changes in financial position, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 June 29, 2017, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 29, 2017, on our consideration of the Authority's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

June 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Florida Green Finance Authority, Florida ("Authority") provides a narrative overview of the Authority's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the Authority's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of (\$8,105).
- The change in the Authority's total net position in comparison with the prior fiscal year was (\$2,167,397) a decrease. The key components of the Authority's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2016, the Authority's governmental fund reported ending fund balance of \$46,598, a decrease of (\$2,112,218) in comparison with the prior fiscal year. The fund balance is restricted for capital projects and debt service and the remainder is unassigned which is available for spending at the Authority's discretion.
- During fiscal year 2016, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Please see New Accounting Standards Adopted in Note 2 of the financial statements for additional information.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual amount being reported as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by funding group contributions. The Authority does not have any business-type activities. The governmental activities of the Authority include the general government (management) function.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has one fund category: the governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund. All of the funds are considered to be major funds.

The Authority adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Authority, liabilities exceeded assets at the close of the most recent fiscal year.

Key components of the Authority's net position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2016	2015
		(Restated)
Current and other assets	\$ 2,280,265	\$ 4,450,135
Total assets	2,280,265	4,450,135
Current liabilities	57,650	60,123
Long-term liabilities	2,230,720	2,230,720
Total liabilities	2,288,370	2,290,843
Net position		
Restricted for debt service	-	66,018
Restricted for capital projects	11,379	2,033,054
Unrestricted	(19,484)	60,220
Total net position	\$ (8,105)	\$ 2,159,292

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Authority's net position decreased during the most recent fiscal year. The majority of the decrease was due to the clean energy projects costs incurred during the current fiscal year.

Key elements of the change in net position are reflected in the following table:

	CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2016	2015 (Restated)
Revenues:		
Program revenues		
Charges for services	\$ -	\$ 2,231,196
Operating grants and contributions	12,166	69,099
General revenues		
Interest income	69	26
Total revenues	<u>12,235</u>	<u>2,300,321</u>
Expenses:		
General government	40,740	17,450
Clean energy cost	2,026,695	-
Interest	112,197	55,179
Cost of issuance	-	71,449
Total expenses	<u>2,179,632</u>	<u>144,078</u>
Change in net position	<u>(2,167,397)</u>	<u>2,156,243</u>
Net position - beginning (Restated)	<u>2,159,292</u>	<u>3,049</u>
Net position - ending	<u>\$ (8,105)</u>	<u>\$ 2,159,292</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2016, was \$2,167,397. The increase in expenses is primarily due to the clean energy projects costs incurred during the current fiscal year.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the Authority pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Directors. The general fund budget for the fiscal year ended September 30, 2016, was amended to decrease revenues by (\$14,754) and increase appropriations by \$19,813.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The Renewable Funding Group entity administering the project changed its name to Renew Financial Group, LLC. It is anticipated that Bonds will be issued for Enhanced Energy Projects in the next few years.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Florida Green Finance Authority's management services at Special District Services, Inc., 2501A Burns Road, Palm Beach Gardens, Florida 33410.

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	Governmental Activities
ASSETS	
Cash	\$ 40,069
Prepaid capitalized interest	
Assessments receivable - long term	2,231,196
Restricted assets:	
Cash	9,000
Total assets	2,280,265
 LIABILITIES	
Accounts payable	2,471
Accrued interest payable	55,179
Non-current liabilities:	
Due within one year	169,256
Due in more than one year	2,061,464
Total liabilities	2,288,370
 NET POSITION	
Restricted for capital projects	11,379
Unrestricted	(19,484)
Total net position	\$ (8,105)

See notes to the financial statements

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		Operating Grants and Contributions	Governmental Activities
Primary government:			
Governmental activities:			
General government	\$ 40,740	\$ 12,166	\$ (28,574)
Clean energy costs	2,026,695	-	(2,026,695)
Interest expense	112,197	-	(112,197)
Total governmental activities	<u>2,179,632</u>	<u>12,166</u>	<u>(2,167,466)</u>
General revenues:			
Interest income			<u>69</u>
Total general revenues			<u>69</u>
Change in net position			(2,167,397)
Net position - beginning (restated)			<u>2,159,292</u>
Net position - ending			<u>\$ (8,105)</u>

See notes to the financial statements

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Major Funds			Total
	General	Debt Service	Capital Projects	Governmental Funds
ASSETS				
Cash	\$ 28,690	\$ 9,000	\$ 11,379	\$ 49,069
Assessments receivable	5,496	2,225,700	-	2,231,196
Total assets	<u>\$ 34,186</u>	<u>\$ 2,234,700</u>	<u>\$ 11,379</u>	<u>\$ 2,280,265</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,471	\$ -	\$ -	\$ 2,471
Total liabilities	<u>2,471</u>	<u>-</u>	<u>-</u>	<u>2,471</u>
Deferred inflows of resources				
Unavailable revenue	5,496	2,225,700	-	2,231,196
Total	<u>5,496</u>	<u>2,225,700</u>	<u>-</u>	<u>2,231,196</u>
Fund balances:				
Restricted for:				
Debt service	-	9,000	-	9,000
Capital projects	-	-	11,379	11,379
Unassigned	26,219	-	-	26,219
Total fund balances	<u>26,219</u>	<u>9,000</u>	<u>11,379</u>	<u>46,598</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,186</u>	<u>\$ 2,234,700</u>	<u>\$ 11,379</u>	<u>\$ 2,280,265</u>

See notes to the financial statements

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

Fund balance - governmental funds	\$	46,598
Amounts reported for governmental activities in the statement of net assets are different because:		
Assets that are not available for governmental funds are reported as revenues on the government wide financial statements.		2,231,196
Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide statements.		
Accrued interest payable		(55,179)
Bonds payable		(2,225,700)
Other debt		(5,020)
		(2,285,899)
Net position of governmental activities	\$	(8,105)

See notes to the financial statements

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Funding group contributions	\$ 12,166	\$ -	\$ -	\$ 12,166
Interest income	69			69
Total revenues	<u>12,235</u>	<u>-</u>	<u>-</u>	<u>12,235</u>
EXPENDITURES				
Current:				
General government	40,740	-	-	40,740
Debt service:				
Interest	-	57,018	-	57,018
Capital outlay - Clean energy costs	5,020	-	2,021,675	2,026,695
Total expenditures	<u>45,760</u>	<u>57,018</u>	<u>2,021,675</u>	<u>2,124,453</u>
Excess (deficiency) of revenues over (under) expenditures	(33,525)	(57,018)	(2,021,675)	(2,112,218)
Fund balances - beginning (Restated)	<u>59,744</u>	<u>66,018</u>	<u>2,033,054</u>	<u>2,158,816</u>
Fund balances - ending	<u>\$ 26,219</u>	<u>\$ 9,000</u>	<u>\$ 11,379</u>	<u>\$ 46,598</u>

See notes to the financial statements

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds \$ (2,112,218)

Amounts reported for governmental activities in the statement of activities are different because:

The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.

(55,179)

Change in net position of governmental activities

\$ (2,167,397)

See notes to the financial statements

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORT ENTITY

Florida Green Finance Authority (the "Authority") created pursuant to the Florida Interlocal Cooperation Act of 1969, Chapter 163, Part I, Florida Statutes, as amended, and pursuant to the provisions of a certain duly filed Interlocal Agreement, dated as of June 11, 2012, between the Town of Lantana and the Town of Mangonia Park (the "Originating Parties") and subsequent parties who have since become members of the Authority (the "Parties"). The Authority was created for the purpose, among other things, of issuing revenue bonds and other debt obligations to provide funds for financing the cost of qualifying improvements as defined in Section 163.08, Florida Statutes (the "PACE Act") including energy efficiency improvements, renewable energy improvements and wind resistance improvements (collectively, "Qualifying Improvements"). The Authority shall exercise any or all of the powers granted under Sections 163.01 and 163.08, F.S., as well as powers, privileges or authorities which the Originating Parties and subsequent Parties might exercise separately, which include among other things, the power to finance Qualifying Improvements within the Authority Service Area, the power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments either as the Authority or on behalf of the Originating Parties or subsequent Parties.

The Authority is governed by the Board of Directors ("Board") which is composed of up to seven members. The Board of Directors includes one Director appointed by the governing body of each Originating Party plus five additional Directors. The Authority plans to appoint one Director from the boundaries of each of the five Florida water management districts as defined in Chapter 373, F.S. The five additional Directors will each be appointed by the governing body of the first Party that joins the Authority from each requisite water management district boundary area. The Board of Directors of the Authority exercise all powers granted to the Authority pursuant to Chapter 163, Florida Statutes.

The Board has, among other things, the following power and duties:

1. To fix the amount of all non-ad valorem assessments and/or fees necessary to operate the Florida Green Energy Works Program, the qualifying improvements program authorized by Section 163.08, F.S.
2. To make and pass policies, regulations, resolutions and orders, as may be necessary for the governance and management of the affairs of the Authority, for the execution of the powers, obligations and responsibilities vested in the Authority.
3. To adopt bylaws and rules of procedure, or amend those that may be initially adopted by the Originating Parties.
4. To establish the powers, duties and compensation of all employees or contractors
5. To adopt annual budgets.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the Authority is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that, if excluded, the financial statements of the Authority would be considered incomplete or misleading. There are no entities considered to be component units of the Authority; therefore, the financial statements include only the operations of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem special assessments on benefited property with voluntary PACE assessment liens. The assessments are levied at the time the related debt issuance is authorized. The receivables are collected in annual installments together with assessments for interest and collection costs in amounts sufficient to meet the annual debt service requirements. The fiscal year for which annual assessments are levied begins on October 1 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments. Special assessments receivable represent the balance of outstanding assessments levied by the District to repay outstanding debt,

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The Authority reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Capital Project Fund

The capital project fund is used to account for financial resources to be used for the cost of qualifying improvements as defined in Section 163.08, Florida Statutes (the "PACE Act") including energy efficiency improvements, renewable energy improvements and wind resistance improvements (collectively, "Qualifying Improvements").

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

New Accounting Standards Adopted

During fiscal year 2016, the District adopted three new accounting standards as follows:

GASB 72, Fair Value Measurement and Application

The Statement improves financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The Statement identifies—in the context of the current governmental financial reporting environment—the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles.

GASB 79 - Certain External Investment Pools and Pool Participants

This Statement establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost.

Assets, Liabilities and Net Position or Equity

Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand and demand deposits.

The Authority has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The Authority may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The Authority records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The Authority has no capital assets at September 30, 2016.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the Authority would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the Authority reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)

The Authority can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Directors. Commitments may be changed or lifted only by the Board of Directors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Directors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The Authority first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the Authority's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

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

NOTE 3 – BUDGETARY INFORMATION

The Authority is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the Authority Manager submits to the Authority Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the Authority Board.
- d) All budget changes must be approved by the Authority Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS

The Authority's cash balances except for the amounts shown in the debt service and capital projects funds were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

NOTE 5 –LONG TERM LIABILITIES

Master Bond Resolution

On June 26, 2014, the Authority adopted Resolution 2014-03 which authorized the issuance of not to exceed \$2,500,000,000 Florida Green Finance Authority Revenue Bonds in various series for the purpose of providing funds to finance the cost of qualifying renewable energy, energy efficiency and conservation and wind resistance improvements for use by property owners within the jurisdiction of the Authority. The proceeds of the Bonds may be used only for purposes of funding Qualifying Improvements and expenses incidental thereto, as authorized by and in the manner set forth in the PACE Act.

Series 2015-01 Bonds

The Authority issued Special Assessment Revenue Bonds, Series 2015-01 (Brandsmart Project) for \$2,225,700 due on May 1, 2026 with interest at 5.95%. The Bonds were issued to finance the cost of providing funds to finance the cost of certain qualifying improvements for use by Brandsmart USA of West Palm Beach, Florida. In addition, the Authority has entered into a financing agreement with Brandsmart USA to provide up to \$2,032,508 to Brandsmart USA for the sole purpose of paying the costs of Qualified Improvements on a certain property. In connection with the agreement the Authority has levied a non-advalorem assessment on the property. Principal and interest on the Bonds is to be paid serially commencing May 1, 2017 through May 1, 2026.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners and to meet the debt service reserve requirement. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture as of September 30, 2016.

The proceeds were disbursed for qualifying improvements during the current fiscal year.

Pace Financing Agreements

On April 30, 2014, the Authority entered in to a PACE financing agreement with a property owner in West Palm Beach, Florida, to facilitate the financing of qualifying improvements and to collect the repayment obligation through a non-ad valorem assessment on the property owner's property tax bill. The agreement provides for a maximum disbursement amount of \$49,556. The loan was finalized in the prior year directly between the property owner and the bank and amounts were paid directly to the vendors and also for closing costs and capitalized interest. The District will start collecting assessments on the property owner for the subsequent fiscal year ended September 30, 2017 in amounts of approximately \$9,000 per year over a seven year period.

In addition, for a separate project, during the prior fiscal year the Authority received \$5,020 for the initial funding related to the financing agreement. The amount will be repaid by the property owner over 20 years beginning May 1, 2017 with interest at 6.61%. The total assessment amount of \$5,496 includes capitalized interest and other costs.

NOTE 5 –LONG TERM LIABILITIES (Continued)

Long-term debt transactions

Changes in long-term liability activity for the fiscal year ended September 30, 2016 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2015	\$ 2,225,700	\$ -	\$ -	\$ 2,225,700	\$ 169,256
Due to funding group	5,020	-	-	5,020	
Total	\$ 2,230,720	\$ -	\$ -	\$ 2,230,720	\$ 169,256

At September 30, 2016, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2017	\$ 169,256	\$ 132,429	\$ 301,685
2018	179,327	122,358	301,685
2019	189,997	111,688	301,685
2020	201,302	100,384	301,686
2021	213,279	88,406	301,685
2022-2026	1,272,539	235,888	1,508,427
Total	\$ 2,225,700	\$ 791,153	\$ 3,016,853

NOTE 6 – PRIOR PERIOD ADJUSTMENT

The fiscal year 2016 report has adjusted the following items listed in the fiscal year 2015 report as prepaid interest was understated in the prior year.

	Governmental activities	Debt service fund
Net position/fund balance as originally stated	\$ 2,047,095	\$ 9,000
Understatement of prepaid interest	57,018	112,197
Overstatement of accrued interest	55,179	-
Understatement of interest	-	(55,179)
	\$ 2,159,292	\$ 66,018

NOTE 7 – THIRD PARTY ADMINISTRATOR

The Authority is administered by a Third Party Administrator (the "TPA"), The Renewable Funding Group, who is responsible for providing services to the Authority for the design, implementation, and administration of the Florida Green Energy Works Program. The Authority's agreement with EcoCity which The Renewable Funding Group took over as TPA has an initial term of five years beginning June 11, 2012. Prior to fiscal year 2014 the Authority was funded by a \$100,000 contribution from EcoCity. During the current fiscal year The Renewable Funding Group contributed \$12,166 to the Authority.

NOTE 8 – MANAGEMENT COMPANY

The Authority has contracted with a management company to perform services which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the Authority. Under the agreement, the Authority compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 9 – AUTHORITY MEMBERS

At September 30, 2016, the Members of the Authority are as follows:

- The Town of Lantana
- The Town of Mangonia Park
- The City of West Palm Beach
- The City of Delray Beach
- The City of Boynton Beach
- The Village of Tequesta
- The City of Lake Worth
- The City of Gulfport
- The City of Fellsmere
- The City of Stuart
- The City of Sebastian
- Martin County
- Pasco County
- Escambia County
- City of Hollywood
- City of Margate

NOTE 10 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years.

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Funding group contributions	\$ 26,929	\$ 12,166	\$ 12,166	\$ -
Interest income	60	69	69	-
Total revenues	<u>26,989</u>	<u>12,235</u>	<u>12,235</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	26,989	46,802	40,740	6,062
Capital outlay - Clean energy costs	-	-	5,020	(5,020)
Total expenditures	<u>26,989</u>	<u>46,802</u>	<u>45,760</u>	<u>1,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (34,567)</u>	<u>(33,525)</u>	<u>\$ 1,042</u>
Fund balance - beginning			<u>59,744</u>	
Fund balance - ending			<u>\$ 26,219</u>	

See notes to required supplementary information

**FLORIDA GREEN FINANCE AUTHORITY
FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The Authority is required to establish a budgetary system and an approved Annual Budget for the General Fund. The Authority's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

An operating budget was adopted and maintained by the governing board for the Authority pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Directors. The general fund budget for the fiscal year ended September 30, 2016, was amended to decrease revenues by (\$14,754) and increase appropriations by \$19,813.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Florida Green Finance Authority
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 the governmental activities and each major fund of Florida Green Finance Authority, Florida ("Authority") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our opinion thereon dated June 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 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

June 29, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors
Florida Green Finance Authority
Florida

We have examined Florida Green Finance Authority, Florida's ("Authority") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2016. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

This report 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, management, and the Board of Directors of Florida Green Finance Authority, Florida and is not intended to be and should not be used by anyone other than these specified parties.

June 29, 2017



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Directors
Florida Green Finance Authority
Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Florida Green Finance Authority, Florida ("Authority") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 29, 2017.

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 Florida Auditor General.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated June 29, 2017, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the Authority, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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

We wish to thank Florida Green Finance Authority, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

June 29, 2017

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDING AND RECOMMENDATION

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
2. There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2015.
2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2016.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2016.

4. The name or official title and legal authority of the Authority are disclosed in the notes to the financial statements.
5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2016 financial audit report.
6. The Authority has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2016. It is management's responsibility to monitor 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.