FLORIDA PORTS FINANCING COMMISSION

Canaveral Port Authority · Port Everglades · Port of Fort Pierce · Jacksonville Port Authority · Manatee County Port Authority · PortMiami · Port of Palm Beach · Panama City Port Authority · Port of Pensacola · Tampa Port Authority

FLORIDA PORTS FINANCING COMMISSION TELECONFERENCE

Thursday June 27, 2019 10:00 A.M.

CALL IN NUMBER: (605) 475-2874

ACCESS CODE: 9348585

TAB 1 Call to Order

FLORIDA PORTS FINANCING COMMISSION

Canaveral Port Authority · Port Everglades · Port of Fort Pierce ·

Jacksonville Port Authority · Manatee County Port Authority · PortMiami · Port of Palm Beach · Panama City Port Authority · Port of Pensacola · Tampa Port Authority

Thursday, June 27, 2019 10:00 A.M. Teleconference Call in number: (605) 475-2874 Access Code: 9348585

AGENDA

- 1. Call to Order
- 2. Roll Call
- Approval of December 19, 2018 Florida Ports Financing Commission (FPFC) Meeting Summary
- 4. Administrative Report
- 5. Approval of FPFC FY 2018 Audit
- 6. Nominating Committee for New Officers
- 7. Other Issues
- 8. Adjournment

TAB 2 Roll Call

FLORIDA PORTS FINANCING COMMISSION

ROLL CALL

MEMBER PORT REPRESENTATIVE

PORT CANAVERAL <u>Mike Poole</u>

Pat Poston

PORT EVERGLADES <u>David Anderton</u>

PORT OF FT. PIERCE Stan Payne

PORT OF JACKSONVILLE <u>Eric Green</u>

PORT MANATEE <u>Carlos Buqueras</u>

PORTMIAMI <u>Juan Kuryla</u>

PORT OF PALM BEACH Manny Almira

PORT PANAMA CITY

Alex King

PORT OF PENSACOLA <u>Amy Miller</u>

PORT TAMPA BAY Paul Anderson

PORT OF FERNANDINA <u>Laura DiBella</u>

TAB 3 Approval of December 19, 2018 Meeting Minutes

FLORIDA PORTS FINANCING COMMISSION

Canaveral Port Authority · Port Everglades · Port of Fort Pierce ·

Jacksonville Port Authority · Manatee County Port Authority · PortMiami · Port of Palm Beach ·

Panama City Port Authority · Port of Pensacola · Tampa Port Authority

Wednesday December 19, 2018 2:00 P.M. Teleconference

The Florida Ports Financing Commission was called to order at 2:01 p.m. by Chairman Mike Poole. Members and guests attending included:

Mike Poole, Canaveral (Chair)
Pat Poston, Canaveral (Vice Chair)
David Anderton, Everglades
Mike McClung, JAXPORT
Denise Stufflebeam, Manatee
Dave Sanford, Manatee
John Miller, Panama City
Laura DiBella, Fernandina
Doug Wheeler, Florida Ports Council
Mike Rubin, Florida Ports Council
Casey Grigsby, Florida Ports Council

A quorum was present.

Tab 3, Approval of the FPFC Minutes: A motion was made to approve the October 24, 2017 Florida Ports Financing Commission (FPFC) Meeting Summary by Pat Poston this was seconded by David Anderton. The motion passed without dissent.

- 1. Administrative Report
 - a. Will be given by Casey Grigsby She directed members to last year's FY 17/18 Approved Budget which was closed out with a remaining balance of \$177,135.67 in the Recurring Expense Account. Actual interest earnings were higher than expected at \$61,345.05, and higher than the previous year by. Ms. Grigsby referred members to another spreadsheet showing the actual Commission expenses that were paid to various service providers throughout the year. The expenses have come in under budget again this year; however, during contract period 18/19 the audit expenses have been raised by one vendor to mirror fair market value.

502 East Jefferson Street, Tallahassee, Florida 32301 Phone: (850) 222-8028 · Fax: (850) 222-7552 Email: info@flaports.org

Tab 5, Approval of the FPFC FY 17/18 Budget: Approval of FPFC FY19/20 Budget

- b. A motion was made to approve the FY2018/2019 Florida Ports Financing Commission (FPFC) Budget
 - i. A motion was made by Denise Stufflebeam
 - ii. Seconded by Pat Poston

2. Other Issues

- a. Interested members of FPFC who would like to serve as an officer of FPFC please contact Casey Grigsby. The officers will serve beginning October 1, 2019. Prior to this a nominating committee will gather to review the interested parties.
- b. The FPFC members agreed via discussion to convert from annual meetings to a quarterly schedule. The next meeting will be scheduled following the release of the audit of the FPFC. The anticipated timeframe for that meeting will be at the end of April or early May as schedules permit.

No other issues were raised by the FPFC members. The meeting was adjourned at 2:13 p.m.

TAB 4 Administrative Report

TAB 5 Approval of FPFC FY 2018 Audit

Florida Ports Financing Commission

FINANCIAL STATEMENTS

September 30, 2018



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INDEPENDENT AUDITORS' REPORT

To the Members Florida Ports Financing Commission Tallahassee, Florida Carr, Riggs & Ingram, LLC 2633 Centennial Boulevard Suite 200 Tallahassee, Florida 32308

(850) 878-8777 (850) 878-2344 (fax) CRIcpa.com

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of the Florida Ports Financing Commission as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Florida Ports Financing Commission'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.

Auditors' 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Florida Ports Financing Commission, as of September 30, 2018, 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.

Other Matters

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

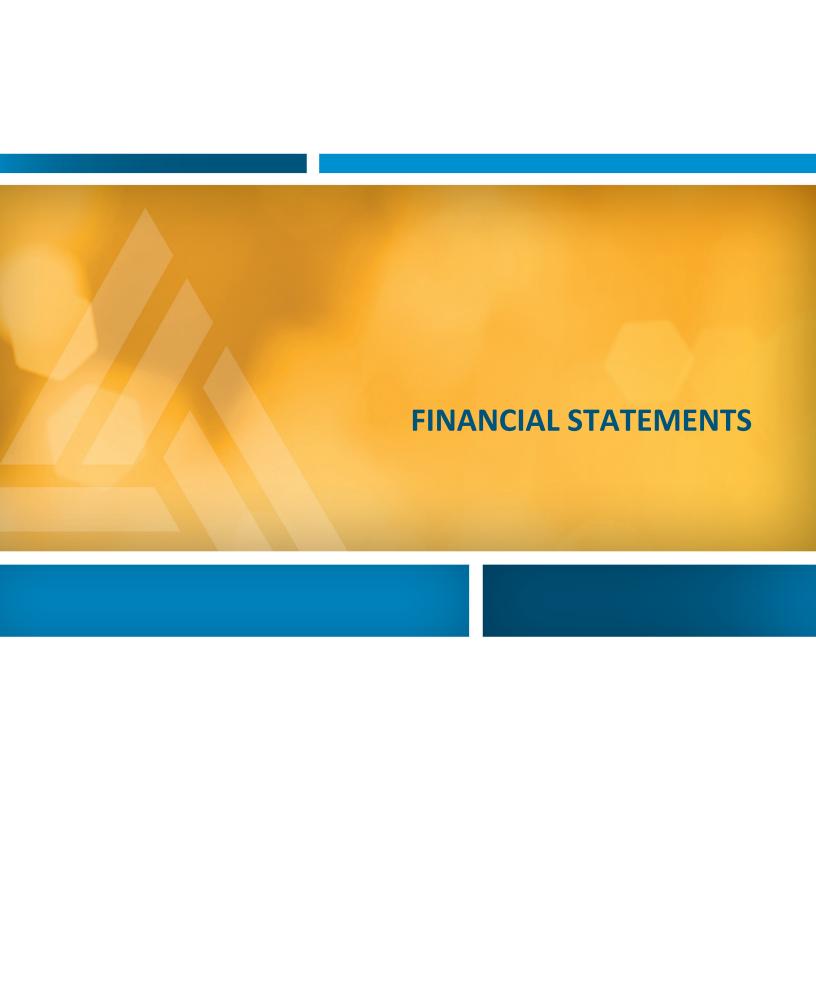
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019, on our consideration of the Florida Ports Financing Commission'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 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 Florida Ports Financing Commission's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Tallahassee, Florida April 30, 2019



Florida Ports Financing Commission Statement of Net Position

September 30,	2018
Assets	
Current assets	
Cash and cash equivalents	\$ 8,027,164
Accrued interest receivable	1,689,594
Loans receivable - current portion	15,495,000
Total current assets	25,211,758
Other assets	
Loans receivable – portion due after one year	170,170,000
Total other assets	170,170,000
Total assets	195,381,758
Liabilities	
Current liabilities	
Bonds payable - current portion	15,495,000
Accrued interest payable	3,969,634
Total current liabilities	19,464,634
Long-term liabilities	
Bonds payable – portion due after one year	176,544,291
Total liabilities	196,008,925
Net position	
Unrestricted	(627,167)
	(327)1377
Total net position	\$ (627,167)

Florida Ports Financing Commission Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2018
Operating revenues	
Administrative fees	\$ -
	. — , — - <u>-</u>
Total operating revenues	- _
Operating expenses	
Professional fees and consultants	14,000
Other general and administrative	9,000
Total operating expenses	23,000
Operating loss	(23,000)
Non-operating revenue (expense)	
Interest on loans	9,935,004
Investment earnings	61,345
Bond interest	(10,264,171)
Total non-operating revenue	(267,822)
Change in net position	(290,822)
Net position – beginning of the year	(336,345)
Net position – end of the year	\$ (627,167)

Florida Ports Financing Commission Statement of Cash Flows

Year ended September 30,	2018
Cash flows from operating activities:	
Payments for administrative fees	\$ (9,000)
Payments to vendors and consultants	(14,000)
Net cash used in operating activities	(23,000)
Cash flavor from conital and valated financing activities.	
Cash flows from capital and related financing activities: Interest collected on loans	10 000 007
	10,088,087
Principal collected on loans	15,035,000
Payment of bond interest	(10,220,712)
Payment of bond principal	(14,770,000)
Net cash provided by capital and related financing activities	132,375
Cash flows from investing activities:	
Gain on investments	61,345
Net cash provided by investing activities	61,345
Net increase in cash and cash equivalents	170,720
Cash and cash equivalents at beginning of year	7,856,444
Cash and cash equivalents at end of year	\$ 8,027,164
Reconciliation of change in net position	
to net cash used in operating activities:	
Operating loss	\$ (23,000)
Net cash used in operating activities	\$ (23,000)

NOTE 1 – NATURE OF BUSINESS

Authorizing Legislation and Program Purpose

The Florida Ports Financing Commission (the "Commission") was created pursuant to Section 320.20(3), Florida Statutes, and chapter 163, Part I, Florida Statutes through an Interlocal Agreement, dated as of July 17, 1996 initially among Canaveral Port Authority; Jacksonville Port Authority; and Panama City Port Authority. Broward County (Port Everglades); Dade County (Port of Miami); Hillsborough County Port District; Manatee County Port Authority; Ocean Highway and Port Authority (Port Fernandina); Port of Palm Beach District; Port St. Joe Port Authority and St. Lucie County Port and Airport Authority (Port of Fort Pierce), or successors, are additional participants. The participants are referred to as a "Port" and collectively as "Ports" herein. The Commission is a separate legal entity and public body corporate and politic and a unit of local government of the State of Florida.

Under the Interlocal Agreement, the purpose of the Commission is to enable the Ports to finance or refinance eligible projects on a cooperative and cost effective basis, benefit from the economies of scale associated with large scale financings, and maximize the benefits derived from the availability of moneys provided by the State of Florida for funding projects. The Commission is authorized to exercise all of the privileges, benefits, powers and terms granted to it under the law in connection with the authorization, issuance and sale of bonds. The Commission shall exist for so long as any bonds of the Commission or obligations of any participating port under the Program remain outstanding.

The Program involves the lending of proceeds of bonds to be issued by the Commission to participating Ports in order to finance, refinance or reimburse the cost of acquiring and constructing authorized capital projects.

The Commission issued \$222,320,000 of its Florida Ports Financing Commission Revenue Bonds (State Transportation Trust Fund), Series 1996 (The "1996 Bonds") on December 19, 1996. The Bonds are dated December 1, 1996 and mature at various dates through June 1, 2027. Interest is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 1997. The Bonds are subject to redemption prior to maturity.

The Commission also issued \$153,115,000 of its Florida Ports Financing Commission Revenue Bonds (State Transportation Trust Fund - Intermodal Program), Series 1999 (The "1999 Bonds") on October 14, 1999. The Bonds are dated September 1, 1999 and mature at various dates through October 1, 2029. Interest is payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2000. The bonds are subject to redemption prior to maturity.

The Series 1996 and 1999 Bonds were issued for the purpose of enabling the Commission to make loans to certain participating Ports or the political subdivisions of the State which own and operate such Ports (each a "Borrower" and collectively the "Borrowers") to finance, refinance or reimburse the cost of approved capital projects (the "Projects") and to pay certain costs of issuing the Bonds.

NOTE 1 – NATURE OF BUSINESS (CONTINUED)

Authorizing Legislation and Program Purpose (Continued)

The Bonds are limited and special obligations of the Commission payable solely from payments of principal and interest ("Basic Payments") by the Borrowers under Loan Agreements between the Commission and the Borrowers and investment earnings to the extent provided in the Indenture of Trust. Basic Payments are required to be paid by the Borrowers solely from moneys due the Borrowers from the State Transportation Trust Fund pursuant to Section 320.20(3) and 320.20(4), Florida Statutes, which provides that \$25,000,000 in certain revenues derived from the registration of motor vehicles in Florida be deposited annually in the State Transportation Trust Fund for funding certain Port projects. The obligation of the State to make such deposit is subordinate to the satisfaction of other obligations of the State payable from revenues derived from the registration of motor vehicles, including certain bonds issued by the State Board of Education.

On May 26, 2011, the Commission issued \$10,650,000 in Refunding Revenue Bonds (State Transportation Trust Fund), Series 2011A (NON-AMT) and \$141,670,000 in Refunding Revenue Bonds (State Transportation Trust Fund), Series 2011A (AMT) (the "Series 1996 Refunding Bonds"). The bonds are dated December 1, 2011 and mature at various dates through June 1, 2027. Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2011. The proceeds from this issue were used to refund the 1996 Bonds. The bonds are subject to redemption prior to maturity.

On May 26, 2011, the Commission issued \$66,300,000 in Refunding Revenue Bonds (State Transportation Trust Fund - Intermodal Program), Series 2011A (NON-AMT) and \$49,325,000 in Refunding Revenue Bonds (State Transportation Trust Fund - Intermodal Program), Series 2011A (AMT) (the "Series 1999 Refunding Bonds"). The bonds are dated October 1, 2011 and mature at various dates through October 1, 2029. Interest is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2011. The proceeds from this issue were used to refund the 1999 Bonds. The bonds are subject to redemption prior to maturity.

The Series 1996 and 1999 Refunding Bonds were issued to reduce the total debt service over the next 18 years by approximately \$15,051,358 and to obtain an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$14,369,387. The majority of the reduction in debt service under the refunding was realized in the first two years.

Agreements

The Commission has entered into certain agreements that govern certain aspects of its operations as follows:

Indentures of Trust - Under terms of the Indentures of Trust, dated December 1, 1996 and September 1, 1999, the Trustee has been assigned all of the Commission's rights, title and interest in the Loan Agreements executed with the Borrowers.

NOTE 1 – NATURE OF BUSINESS (CONTINUED)

Agreements (Continued)

Loan Agreements - Each participating Port has executed a Loan Agreement with the Commission for funds borrowed from the Program to finance authorized capital projects. Each Borrower has assigned to the Trustee, on behalf of the Commission, all its rights, title and interest in all moneys due the Borrowers from the State Transportation Trust Fund pursuant to Section 320.20(3) and 320.20(4), Florida Statutes, to repay the loans.

Program Administration Agreement - The Indentures of Trust provide for appointment of a program administrator by the Commission to provide certain services to the Commission with respect to the Program and to act as the Commission's agent. The Commission has entered into an agreement with the Florida Ports Council appointing it as the administrator. The Commission may assess each port agreed upon administrative fees, however, administrative fees are not currently being assessed.

Master Agreement - This agreement between the Commission and the Florida Department of Transportation (the "Department") requires the Department to deposit \$25,000,000 annually into an escrow account to be accessed by the Trustee to fund debt service on the Bonds.

Limited Obligations of the Commission

The Commission has issued the Bonds which are a limited and special obligation of the Commission, payable solely from the trust estate and collateralized by amounts derived under the Loan Agreements with the Borrowers. Although reflected as a liability of the Commission for financial reporting purposes, the issuance of the Bonds shall not, directly, indirectly or contingently obligate the State or any political subdivision thereof or any public corporation, Port or governmental agency existing under the laws of the State of Florida (excluding the Borrowers to the extent of their liabilities under their respective Loan Agreements). None of the obligations of the Borrowers under their respective loan agreements are collateralized by a pledge of their taxing powers, if any, and none are payable from ad valorem taxes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles applicable to governmental entities. The activities of the Commission are similar to and reported as an enterprise fund. These funds are used to account for activities similar to those found in the private sector, where the determination of the excess of revenues over expenses is necessary or useful to sound financial accountability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The basis of accounting refers to when revenues and expenses are recognized in the accounting system and reported in the financial statements. All funds have been accounted for on the current financial resources measurement focus and the accompanying financial statements have been prepared using the accrual basis of accounting. This method recognizes revenues when earned and expenses when incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. Operating revenues and expenses for the Commission include the fees and services associated with administering the bonds. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Loans Receivable

Loans receivable are stated at their uncollected principal balances.

Interest Earnings

Interest on loans and investments is recorded as revenue when earned. Premium on refunding bonds issued is amortized into interest expense using the interest method.

Subsequent Events

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

Management Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash represents deposits held in trust by the Trustee and includes U.S. Government backed money market mutual funds which are considered to be cash equivalents. These money market funds are not subject to Federal Deposit Insurance Corporation coverage; however, the underlying investments are collateralized by U.S. Treasury and government agency securities.

NOTE 4 – INVESTMENTS

The Indenture of Trust authorizes the Trustee to invest, subject to certain limitations as to maturities and arbitrage earnings, funds held under the indenture in investment securities as defined in the indenture.

NOTE 5 – LOANS RECEIVABLE

Loans receivable consisted of the following at September 30, 2018:

Broward County (Port Everglades)	\$ 23,223,845
Canaveral Port Authority (Port Canaveral)	19,853,163
Dade County (Port of Miami)	36,529,526
Hillsborough County Port District (Port of Tampa)	25,484,439
Jacksonville Port Authority (Port of Jacksonville)	35,159,501
Manatee County Port Authority (Port Manatee)	24,265,269
Ocean Highway and Port Authority, Nassau County	
(Port of Fernandina)	334,992
Port of Palm Beach District (Port of Palm Beach)	14,909,149
Panama City Port Authority (Port of Panama City)	4,863,467
City of Pensacola (Port of Pensacola)	1,041,649
Total	\$ 185,665,000

The loans are pledged, under the Indentures of the Trusts, for the payment of principal and interest on the bond indebtedness. The loans are repayable over the life of the bond issues and bear interest at a variable rate based upon the rate of interest on the bonds and certain program expenses as defined in the Loan Agreements. No allowance for doubtful accounts is necessary because the loans are repaid by a pledge of funds due the Borrowers from the State Transportation Trust Fund under Chapters 320.20(3) and 320.20(4), Florida Statutes. \$15,495,000 of loan principal is due within the next fiscal year. \$170,170,000 of loan principal is due after one year.

NOTE 6 – BONDS PAYABLE

The Series 1996 Refunding Bonds are fully registered and insured bonds without coupons in the denomination of \$5,000 each and are dated December 1, 2011. Interest is payable semi-annually on each June 1 and December 1, commencing December 1, 2011. The bonds bear interest at rates varying from 2.00% to 4.625% and mature at varying dates through June 1, 2027. The bonds carry optional and mandatory redemption provisions. At September 30, 2018, these bonds are stated at \$101,757,773, which includes a premium of \$117,773.

The Series 1999 Bonds are fully registered and insured bonds without coupons in the denomination of \$5,000 each and are dated October 1, 2011. Interest is payable semi-annually on each April 1 and October 1, commencing October 1, 2011. The bonds bear interest at rates varying from 3.00% to 5.00% and mature at varying dates through June 30, 2030. The bonds carry optional and mandatory redemption provisions. At September 30, 2018, these bonds are stated at \$90,281,518 which includes a premium of \$686,518.

Debt service requirements to maturity for the Series 1996 Refunding Bonds are as follows:

Years ending September 30,	Pri	ncipal	Interest		Total	
2019	\$	9,925,000	\$	5,068,782	\$	14,993,782
2020		10,410,000		4,584,314		14,994,314
2021		10,920,000		4,075,064		14,995,064
2022		11,455,000		3,538,750		14,993,750
2023		12,020,000		2,974,050		14,994,050
Thereafter		46,910,000		5,197,349		52,107,349
Total	\$	101,640,000	\$	25,438,309	\$	127,078,309

Debt service requirements to maturity for the Series 1999 Refunding Bonds are as follows:

Years ending September 30,	Priı	ncipal Interest		Total		
2019	\$	5,570,000	\$	4,420,806	\$	9,990,806
2020		5,860,000		4,135,056		9,995,056
2021		6,155,000		3,834,681		9,989,681
2022		6,470,000		3,519,056		9,989,056
2023		6,805,000		3,187,181		9,992,181
Thereafter		58,735,000		11,215,694		69,950,694
Total	\$	89,595,000	\$	30,312,474	\$	119,907,474

The Bonds do not create nor constitute, now or in the future, an obligation or debt of the State or any political subdivision thereof or any public corporation, Port or governmental agency existing under the laws of the State (excluding the borrowers to the extent of their liabilities under their respective Loan Agreements) other than the Commission to the extent provided in the indenture.

NOTE 6 – BONDS PAYABLE (CONTINUED)

The Bonds do not constitute the giving, pledging or loan of the faith and credit of the State or any political subdivision thereof or any public corporation, Port or governmental agency existing under the laws of the State, but shall be payable solely from the trust estate under the indenture. The issuance of the bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof or any public corporation, Port or governmental agency existing under the laws of the State (excluding the Borrower's to the extent of their liabilities under their respective Loan Agreements). None of the obligations of the Borrowers under their respective Loan Agreements are collateralized by a pledge of their taxing powers, if any, and none are payable from ad valorem taxes or Port operating revenues.

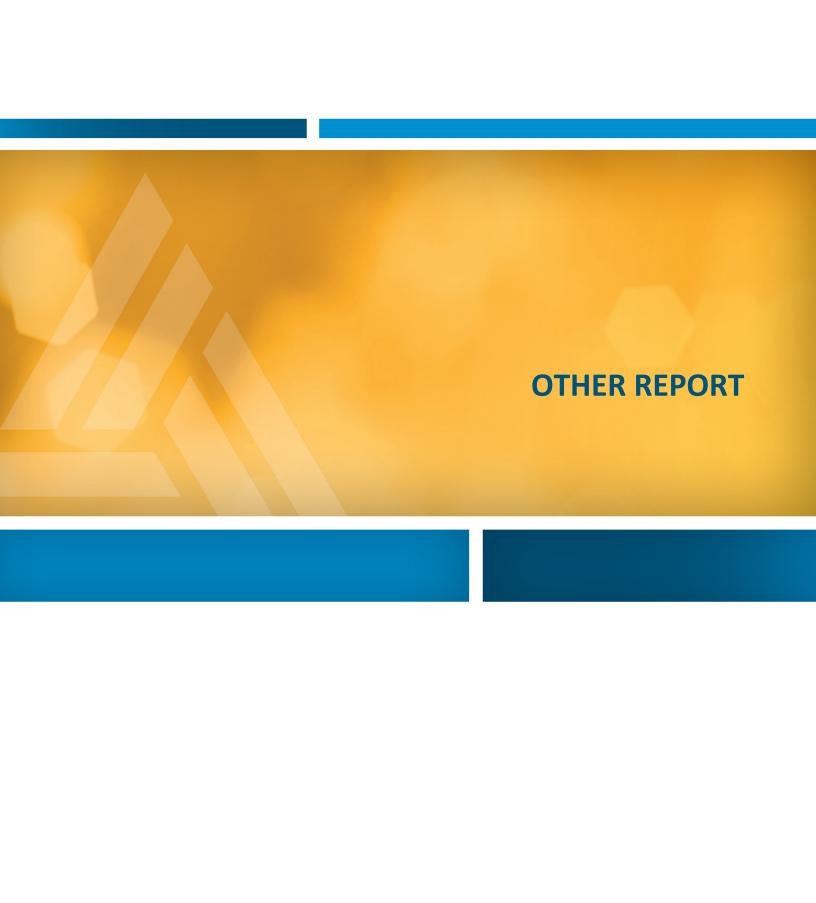
NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

The following table provides the long-term liability activity for the year ended September 30, 2018:

Long-term liabilities as of	Beginning				Amount due
September 30, 2018	balance	Additions	Reductions	Ending balance	within 1 year
Bonds payable	\$ 206,964,695	\$ -	\$ (14,925,404)	\$ 192,039,291	\$ 15,495,000
Total	\$ 206,964,695	\$ -	\$ (14,925,404)	\$ 192,039,291	\$ 15,495,000

NOTE 8 - RELATED PARTY

The Florida Seaports Council, Inc. provides certain administrative services to the Commission the value of which is immaterial.





Carr, Riggs & Ingram, LLC 2633 Centennial Boulevard Suite 200 Tallahassee, Florida 32308

(850) 878-8777 (850) 878-2344 (fax) CRIcpa.com

INDEPENDENT AUDITORS' 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 Members Florida Ports Financing Commission Tallahassee, 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 business-type activities of the Florida Ports Financing Commission, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Florida Ports Financing Commission's basic financial statements, and have issued our report thereon dated April 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Florida Ports Financing Commission'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 Florida Ports Financing Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Florida Ports Financing Commission'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 Florida Ports Financing Commission'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*.

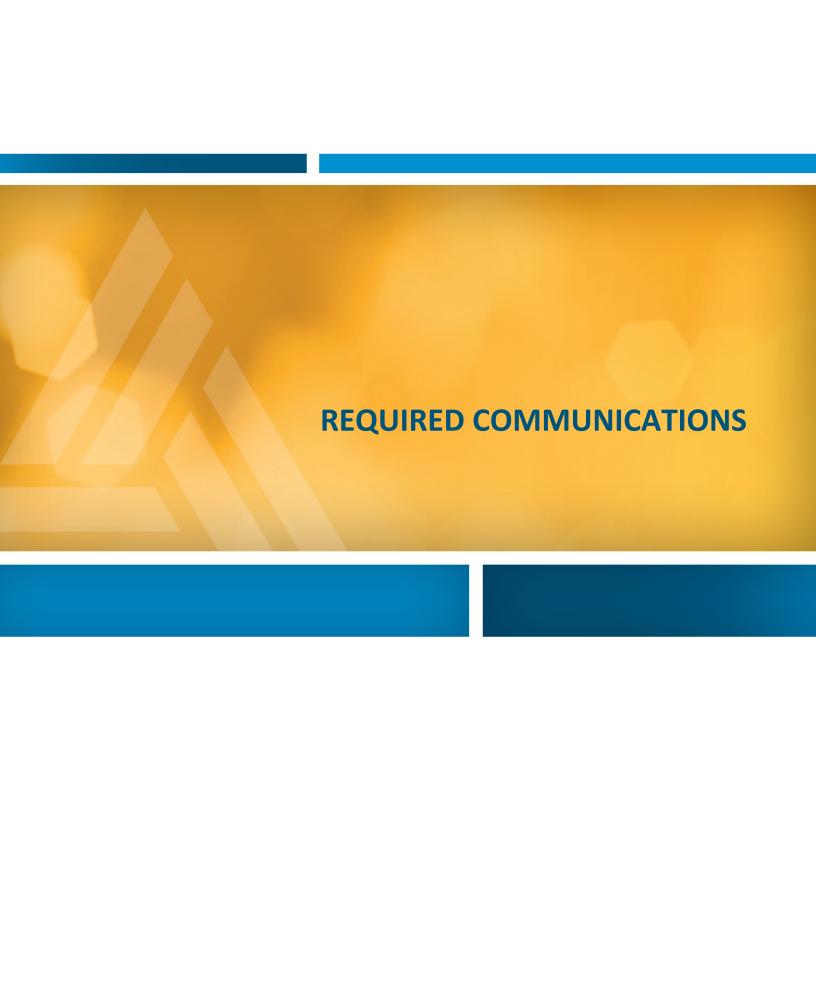
Purpose of this Report

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.

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Tallahassee, Florida April 30, 2019



As discussed with the Board and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Florida Ports Financing Commission. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board, in accordance with governmental auditing standards generally accepted in the United States of America, in order to express an opinion on the Florida Ports Financing Commission's financial statements for the year ended September 30, 2018;
- Communicate directly with the Board and management regarding the results of our procedures;
- Address with the Board and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board and management; and
- Other audit-related projects as they arise and upon request.

We have audited the financial statements of Florida Ports Financing Commission for the year ended September 30, 2018, and have issued our report thereon dated April 30, 2019. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Auditors' responsibility under Generally Accepted Government Auditing Standards	As stated in our engagement letter dated March 13, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities. As part of our audit, we considered the internal control of Florida Ports Financing Commission. Such considerations were solely for the purpose of determining our audit procedures and not to provide
Client's responsibility	any assurance concerning such internal control. Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.
Planned scope and timing of the audit	Our initial audit plan was not significantly altered during our fieldwork.
Management judgments and accounting estimates The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.	Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."
Potential effect on the financial statements of any significant risks and exposures Major risks and exposures facing the Commission and how they are disclosed.	No such risks or exposures were noted.

MATTER TO BE COMMUNICATED

Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles

- The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
- The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the Commission's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the Commission in its financial statements assessment and our management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations:
- Alternative treatments within GAAP for accounting policies and practices related to items, including recognition, material measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.

AUDITORS' RESPONSE

See Note 2 of the Notes to Financial Statements and the section entitled "Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality."

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Significant difficulties encountered in the	None.
audit Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.	
Disagreements with management	None.
Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.	
Other findings or issues	None.
Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.	
Matters arising from the audit that were discussed with, or the subject of correspondence with, management	None.
Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.	
Corrected and uncorrected misstatements	Please see the following section titled "Summary
All significant audit adjustments arising from the audit, whether or not recorded by the Commission, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.	of Audit Adjustments."

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Major issues discussed with management	None.
prior to retention Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention. Consultations with other accountants When management has consulted with other accountants about significant accounting or auditing matters. Written representations A description of the written representations	None of which we are aware. See "Management Representation Letter" section.
the auditor requested (or a copy of the representation letter).	
Internal control deficiencies Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.	See Internal Control Recommendations.
Fraud and illegal acts Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
Other information in documents containing audited financial statements The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.	Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether: • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Commission's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATES	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Amortization of bond premiums.	Premiums are amortized into interest expense using the interest method.	X	Annual amortization is estimated by applying interest method to the contractual terms of the bond agreements.	The Commission's policies appear to be in accordance with U.S. GAAP.

Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by Florida Ports Financing Commission and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the Commission or passed (uncorrected). Lists of the recorded and passed adjustments resulting from our audit are included on subsequent pages.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Commission's operating environment that has been identified as playing a significant role in the Commission's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

Summary of Audit Adjustments

Client: **00274 - Florida Ports Financing Commission**

Engagement: 2018 - FL Ports Financing Commission

Trial Balance: **TB**

Workpaper: **3200 - Adjusting Journal Entries Report**

Account	Description	Debit	Credit			
Adjusting Journal Entries JE # 1						
To write off deb	ot issuance costs					
510.01	Amortization of debt issuance costs 96	224,385.00				
510.02	Amortization of debt issuance costs 99	215,511.00				
140.01	Unamortized debt issuance costs 96		224,385.00			
140.02	Unamortized debt issuance costs 99		215,511.00			
Total		439,896.00	439,896.00			

Summary of Audit Adjustments

Client: 00274 - Florida Ports Financing Commission 2018 - FL Ports Financing Commission Engagement:

Period Ending: 9/30/2018 Trial Balance: TB

Workpaper: Account	3201 - Passed Adjustments Report Description	Debit	Credit
Proposed Journal	Entries JE # 3		
To restate opening	g net position for debt issuance costs		
300.01	Fund balance 96	250,275.00	
300.02	Fund balance 99	234,296.00	
140.01	Unamortized debt issuance costs 96		224,385.00
140.02	Unamortized debt issuance costs 99		215,511.00
510.01	Amortization of debt issuance costs 96		25,890.00
510.02	Amortization of debt issuance costs 99		18,785.00
Total		484.571.00	484.571.00



JAXPORT

April 30, 2019

Carr, Riggs & Ingram, LLC

Port Canaveral

2633 Centennial Blvd. suite 200

Tallahassee, FL 32308

Port Everglades

Port of Fernandina

Port of Fort Pierce

Port of Key West

PortMiami

Port Manatee

Port of Palm Beach

Port of Panama City

Port of Pensacola

Port of Port St. Joe

Port St. Pete

Port Tampa Bay

This representation letter is provided in connection with your audit of the financial statements of Florida Ports Financing Commission (the "Commission"), which comprise the statement of net position of the business-type activities as of September 30, 2018, and the statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 30, 2019, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 13, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all units

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- required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Guarantees, whether written or oral, under which the Commission is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Commission from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of board of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected

in the financial statements.

- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Commission and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Commission's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Commission has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The Commission has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Commission has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 34) Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses and changes in net position, and allocations have been made on a reasonable basis.
- 35) Revenues are appropriately classified in the statement of revenues, expenses and changes in net position within program revenues, general revenues, contributions to

term or permanent endowments, or contributions to permanent fund principal.

- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 37) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes, if applicable.
- 38) In regard to the financial statement preparation services and all other non-attest services performed by you, we have—
 - 1) Assumed all management responsibilities.
 - 2) Designated Casey Grigsby, who has suitable skill, knowledge, or experience to oversee the services.
 - 3) Evaluated the adequacy and results of the services performed.

4) Accepted responsibility for the results of the services.

Signature:	Signature:
Title: VP of Programs +	Title: _
Planning	

INTERNAL CONTROL RECOMMENDATIONS

Internal Controls

The Board of Directors and Management of The Florida Ports Financing Commission

In planning and performing our audit of the financial statements of the business-type activities of the Florida Ports Financing Commission as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Florida Ports Financing Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Florida Ports Financing Commission'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management and the Board of Directors, and is not intended to be, and should not be, used by anyone other than these specified parties.

CARR, RIGGS & INGRAM, LLC

Can Rigge & Ingram, L.L.C.

Tallahassee, Florida April 30, 2019

TAB 6 Nominating Committee for New Officers

TAB 7 Other Issues

TAB 8 Adjournment