

**PLAN OF DISSOLUTION
FIRST FLORIDA GOVERNMENTAL FINANCING COMMISSION**

The First Florida Governmental Financing Commission (the Commission) was created in 1985 pursuant to the Florida Interlocal Cooperation Act of 1969, Section 163.01, Florida Statutes, as amended. The initial members of the Commission were the City of St. Petersburg, Florida; the City of Sarasota, Florida; and Manatee County, Florida. The Commission is a separate legal entity and public body corporate and politic, and can exercise statutorily enumerated powers as to the authorization, issuance, and sale of bonds for the purpose of financing or refinancing any capital projects.

Pursuant to the Interlocal Agreement creating the Commission, its purpose is to enable a limited number of participating governmental units, which regularly undertake projects requiring significant debt financing and which have similarly substantial credit worthiness, to benefit from the economies of scale associated with larger scale financings, to assist the governmental units in developing and structuring financial programs to provide essential services and functions at lower costs, and to undertake such purposes as may be permitted by law.

Since its inception, the Commission successfully validated and issued \$762 million of capital improvement and refunding bonds comprised of twenty-six separate series of bond issuances representing seventy-nine loans for nine member governments. The current members of the Commission are Broward County, Florida; the City of Hollywood, Florida; and the City of St. Petersburg, Florida. Former members include the City of Boca Raton, Florida; the City of Clearwater, Florida; the City of Gainesville, Florida; the City of Sarasota, Florida; Manatee County, Florida; and Pinellas County, Florida which participated in the Commission's programs from 1985 to 2016.

Due to sustained and fundamental changes in the capital markets since 2008, including but not limited to the disappearance of triple-A rated monoline municipal bond insurers, the public finance industry, and the financing needs of its members, the Commission's leadership after reviewing and evaluating its mission, purpose, and continued viability, elected to provide for the orderly and timely dissolution of the Commission.

The Commission is required by its Interlocal Agreement to remain in existence until all bonds of the Commission and obligations of any participating governmental

unit issued under its financing program are retired. Further, the Commission may not dissolve itself with less than a total of three remaining members.

The purpose of this Plan is to implement the intent of its Member Representatives pursuant to Resolution No. 16-03 adopted on November 4, 2016 (attached as Exhibit A) and to provide for the termination of the Commission's operations as approved by its remaining Members. Should any legal proceeding, audit or similar matter arise in the future that is related to a transaction between the Commission and a former member, the Commission and the remaining members will look to the former member to respond and resolve the matter and pay all expenses incurred in connection therewith.

Section 1. Dissolution Schedule. The timing of dissolution depends upon several factors outside of the control of the Commission. In particular, the Commission is dependent upon the Cities of Hollywood and St. Petersburg and Broward County independently redeeming their outstanding loan obligations and/or funding the purchase of related bonds. The dissolution schedule is contingent upon the independent loan prepayments or other actions including the purchase of outstanding bonds by its respective remaining Members and the redemption of the Commission's outstanding bonds by the Commission.

The longest outstanding bond maturity is July 1, 2028 under the Series 2005B Bonds. The Series 2005B Bonds may be redeemed at any time by the Commission with a 30-day notice to bondholders and the full prepayment of the underlying loan by Broward County, the sole obligor.

The earliest date the Commission would be able to retire all of its outstanding debt is July 1, 2018, the final maturity date under the non-callable Series 2005C Bonds which is secured by a loan with the City of Hollywood. This assumes that the City of Hollywood is unable to cost effectively purchase Series 2005C Bonds on the open market related to such loan. There are other assumptions being made. The Series 2012 and Series 2014 Bonds are private placements also secured by loans with the City of Hollywood and are eligible for prepayment at any time. Since the Commission is not financially obligated on the Series 2012 or the Series 2014 Bonds, it is assumed that those bond issues can be cost effectively refinanced in a manner that extracts the Commission from any involvement in the transactions going forward without changing the underlying business terms as between the City of Hollywood and the respective lenders. The Series 2007 Bonds are not callable until July 1, 2017 and are secured by outstanding loans with Broward County and the City of St. Petersburg along with escrowed funds from prior loan prepayments made by the Cities of Gainesville and

Hollywood. The earliest possible redemption date of the Series 2007 Bonds is July 1, 2017. Broward County will make its final scheduled debt service payment for its Series 2007 loan on July 1, 2017 and it is assumed that the City of St. Petersburg can cost effectively refinance its Series 2007 loan prior to July 1, 2017 to fund the remainder of the July 1, 2017 redemption of all outstanding Series 2007 Bonds. Attached as Exhibit B is the Outstanding Bonds and Scheduled Loan Repayments as of September 30, 2016.

All loan prepayments subsequent to the date of this Plan shall be evidenced by the execution and delivery of a Certificate of Loan Prepayment, in substantially the form attached as Exhibit C.

In the event all outstanding loans have been satisfied and all of the Commission's bonds have been retired by July 1, 2017, it is the intent of the Commission to dissolve on September 30, 2017.

In the event the outstanding loans of its remaining Members have not been satisfied and/or the Commission's bonds remain outstanding after July 1, 2017, it is the intent to of the Commission to dissolve at the earliest date possible date upon meeting all prerequisite requirements of the Interlocal Agreement and the Rules of the Commission, including all provisions in this Plan of Dissolution.

Prior to the effective date of the Commission's dissolution, the Member Representatives shall hold a public meeting to approve its final financial audit, finalize its dissolution, and approve any post-dissolution actions on behalf of its remaining Members.

Section 2. Allocation of Assets and Assignment of Financial Liabilities. Pursuant to the Interlocal Agreement, all assets, if any, of the Commission shall be allocated among the Members equally upon dissolution of the Commission. The Commission is a conduit financing authority with all its debt-related, financial accounts held in trust by a corporate trustee. The Commission owns no physical equipment or facilities. No assets are expected to be held by the Commission upon its dissolution. The Commission has no employees and is managed through service agreements with independent contractors or other professional service providers. Any financial liabilities are derived from the ongoing operational programs of the Commission. No outstanding financial liabilities are expected upon the dissolution of the Commission. Attached as Exhibit D are the audited financial statements for the period ended September 30, 2016.

Section 3. Disposition of Commission's Public Records

For purposes herein, the disposition of public records means the final stage of records management and administration in which a Commission record or other documented information is either destroyed or is permanently retained in accordance with federal or state law. The disposition of records will be generally guided by the following: for state law, "*State of Florida, General Records Schedule GS1-SL for State and Local Government Agencies, Effective: February 19, 2015 (R. 1B-24.003(1)(a), Florida Administrative Code)*" and for federal law, "*Section 6001 of the Internal Revenue Code and section 1.6001-1(a) of the Code of Federal Regulations (CFR)*" and general guidance from the Internal Revenue Service, Office of Tax Exempt Bonds related to record retention for federal tax compliance.

Public records of the Commission ("Issuer") include, but are not limited to the following:

- a) Governing documents (Interlocal Agreement, Rules of the Commission, Policies & Procedures, and any amendments thereto) (*)
- b) Official Meeting Minutes (*)
- c) Annual Financial Audits (*)
- d) Closing Transcripts for Bond Issuances
 - (1) Issuer's supporting documents including trust statements
 - (2) Arbitrage rebate compliance reports prepared for borrowers/obligors and retained by the Issuer
 - (3) Determination letters or findings resulting from an IRS compliance examination
 - (4) Related documents for federal tax law compliance (**)
- e) Supporting documents related to records management compliance
- f) Contents of Issuer's web site (www.ffgfc.com)
- g) Other documents deemed to be of critical archival importance (*)

(*) Designates Permanent Record

(**) Borrower/obligors are required to maintain sufficient records to support the use of tax exempt bond proceeds and compliance with federal tax law

The Program Administrator or its successor is responsible for assisting the Secretary-Treasurer in keeping and maintaining the Commission's public records and has the primary responsibility for the disposition of these records. Generally, all material records related to the issuance of bonds shall be retained for as long as the Issuer's bonds are outstanding, plus three (3) years after the final redemption date of the bonds and any refunding of these bonds including an independent refunding by the

borrower/obligor. Public records determined to be of a non-permanent nature will be retained or destroyed pursuant to the State of Florida's guidelines. Any costs associated with the destruction of records pursuant to this Plan shall be borne by the Commission.

Requests for information or archived documents by former members, their representatives, or other entities or individuals deemed not to be of a nominal nature shall be assessed fees according to Florida law and a schedule approved by the Chair of the Commission. Unless prescribed by state law, the fee schedule for document requests shall be comparable to those established by other public agencies. Regulatory agencies making requests in connection with an official records examination or other regulatory proceeding shall not be assessed fees by the Commission.

To the extent feasible and lawful, this Plan shall require all public records of the Commission be archived using an electronic storage system, which shall comply with applicable federal and state law requirements. Permanent hardcopy records should be converted to an electronic format as required for archival compliance. Costs associated with the conversion of permanent hardcopy records to an electronic format shall be borne by the Commission and may be contracted as an additional service under the program administration agreement. Upon the Commission's dissolution, the Program Administrator or its successor shall provide an electronic storage medium containing the archived records to each of the remaining Members.

The Commission shall maintain a modified version of its official web site for at least a one-year period following its dissolution.

Each Member shall be responsible for the retention of the archived records of the Commission in accordance with the Plan of Dissolution and as prescribed by federal and state law following the dissolution of the Commission including responding to inquiries regarding the Commission or its Bonds or Loan Agreements and fulfilling public records responsibilities regarding such records. In addition, upon the Commission's dissolution, the Program Administrator or its successor shall provide to each former member an electronic storage medium containing the archived records related to each transaction between the Commission and the former member. Should any legal proceeding, audit or similar matter arise in the future that is related to a transaction between the Commission and a former member, the Commission and the remaining members will look to the former member to respond and resolve the matter and pay all expenses incurred in connection therewith.

Archived records of the Commission may be turned over to the Division of Library and Information Services of the Florida Department of State when no longer in official use subject to a written opinion provided by legal counsel, at which time Members shall no longer be obligated to retain such records. Notwithstanding the opinion of counsel,

each Member shall continue to be responsible for maintaining sufficient records to support the use of tax exempt bond proceeds and its compliance with federal tax law.

Section 4. Provision for the Assignment of Service Contracts Post-Dissolution

All existing professional services agreements with the Commission shall terminate upon its dissolution. Prior to its dissolution, the Commission or individual Members may make arrangements for the assignment of services agreements for legal, arbitrage rebate compliance, records custody and public records law compliance, or other professional or administrative services to current providers or their successors post-dissolution. Prior to or after dissolution, the three remaining members may agree to assign public records law compliance responsibility to one of the three remaining members.

Section 5. Funding and Allocation of Dissolution Costs

The Commission shall fund its operations through its annual budgetary process pursuant to the Rules of the Commission. Each member shall be responsible for its share of the approved total budgeted expenses based on the allocation used for Fiscal Year 2016-2017 based on the outstanding principal loans balances as of September 30, 2016. This allocation shall remain in effect until the earlier of the effective date of the Commission's dissolution or until September 30, 2018. Each Member's funding obligation shall continue regardless of the redemption date of a Member's outstanding loan and shall include any additional costs directly attributable to the dissolution of the Commission which have been approved by the Member Representatives. Any operational costs required of the Commission beyond September 30, 2018 shall be the sole responsibility of those Members with outstanding balances after July 1, 2018.

Until the effective date of the dissolution, the trustee shall bill the approved annual operating costs allocated to each Member with the debt service payments due on January 1st of each year. Any additional costs related to the Commission's dissolution and approved by the Member Representatives shall be allocated and billed to the Members when incurred. Attached as Exhibit E is the approved operating budget for Fiscal Year Ending September 30, 2017, which shall be a continuous budget through September 30, 2018.

Section 6. Approval of Amendments to Interlocal Agreement for the Dissolution of the Commission

The form of the amendments to the Interlocal Agreement providing for the dissolution of the Commission, as approved by the Member Representatives on February 2, 2017, is attached as Exhibit F.

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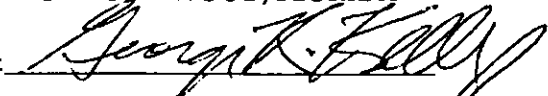
IN WITNESS WHEREOF, the undersigned Member Representatives have approved the Plan of Dissolution of the First Florida Governmental Financing Commission by their execution this 2nd day of February 2017.

BROWARD COUNTY, FLORIDA

By: 

Its: Member Representative and Chief Financial Officer

CITY OF HOLLYWOOD, FLORIDA

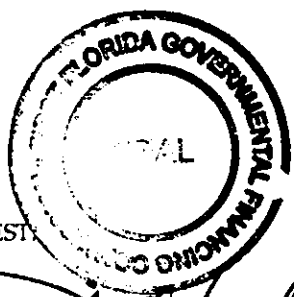
By: 

Its: Member Representative and Interim Director of Financial Services

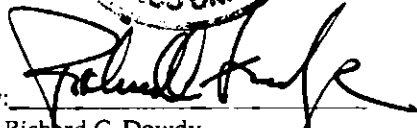
CITY OF ST. PETERSBURG,
FLORIDA

By: 

Its: Alternate Member Representative and Director of Finance



ATTEST

By: 

Richard C. Dowdy
Executive Director/Assistant Secretary-Treasurer

List of Exhibits

- A. Resolution No. 16-03, adopted on November 4, 2016
- B. Outstanding Bonds and Scheduled Loan Repayments, dated September 30, 2016
- C. Form of Certificate of Loan Prepayment
- D. Audited Financial Statements for the Period Ended September 30, 2016
- E. Approved Operating Budget for Fiscal Years Ending September 30, 2017 and September 30, 2018
- F. Form of the Amendments to the Interlocal Agreement providing for the dissolution of the Commission, as approved by the Member Representatives on February 2, 2017

Exhibit A

Resolution No. 16-03, adopted on November 4, 2016

RESOLUTION NO. 16-03

A RESOLUTION OF THE FIRST FLORIDA GOVERNMENTAL FINANCING COMMISSION PROVIDING FOR ITS DISSOLUTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the First Florida Governmental Financing Commission, an independent body corporate and politic (the "Commission") was created in 1985 by Interlocal Agreement between the Cities of St. Petersburg and Sarasota, Florida, and Manatee County, Florida, pursuant to the Florida Interlocal Cooperation Act of 1969, as amended, Florida Statutes Chapter 163, Part I, (the "Agreement" and the "Act," respectively) to serve its Members as a cooperative capital financing program; and

WHEREAS, the Commission has successfully validated and issued \$762 million of capital improvement and refunding bonds comprised of twenty-six separate series of bond issuances representing seventy-nine loans for nine member governments over a thirty-one year time span; and

WHEREAS, the Commission's former members include the City of Boca Raton, Florida; the City of Clearwater, Florida; the City of Gainesville, Florida; the City of Sarasota, Florida; Manatee County, Florida; and Pinellas County, Florida during the period 1985 to 2016; and

WHEREAS, Broward County, Florida, the City of Hollywood, Florida, and the City of St. Petersburg, Florida represent the three remaining Members of the Commission with outstanding loan obligations; and

WHEREAS, due to sustained and fundamental changes in the capital markets, including but not limited to the disappearance of triple-A rated monoline municipal bond insurers, the public finance industry, and the financing needs of its Members, the Commission has reviewed and evaluated its mission, purpose, and continued viability for the benefit of its remaining Members; and

WHEREAS, the Member Representatives desire to provide for the orderly and timely dissolution of the Commission;

NOW THEREFORE BE IT RESOLVED by the First Florida Governmental Financing Commission as follows:

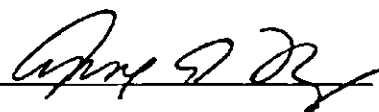
SECTION 1: General Intent. The Commission shall dissolve at the earliest possible date after there are no longer any outstanding Commission Bonds or obligations of any participating Governmental Unit which a Member has incurred pursuant to the Program of the Commission.

SECTION 2: Effective Date. This resolution shall take effect immediately upon passage and continue in full force and effect until amended or repealed or by adoption of a subsequent resolution.

PASSED, APPROVED, AND ADOPTED at a special meeting held this 4th day of November, 2016.



FIRST FLORIDA GOVERNMENTAL
FINANCING COMMISSION

By: 

Anne A. Fritz
Chair

ATTEST:



By: _____
Richard C. Dowdy
Executive Director/Assistant Secretary-Treasurer

Exhibit B

Outstanding Bonds and Scheduled Loan Repayments
September 30, 2016

EXHIBIT B-1
FIRST FLORIDA GOVERNMENTAL FINANCING COMMISSION

The principal balance of bonds payable outstanding as of September 30, 2016, by member and bond issue is as follows:

| | <u>Broward County</u> | <u>City of Hollywood</u> | <u>City of St. Petersburg</u> | <u>Totals</u> |
|--------------|---------------------------|------------------------------|-----------------------------------|----------------------|
| 2005B Series | \$ 5,390,000 | \$ - | \$ - | \$ 5,390,000 |
| 2005C Series | - | 2,090,000 | - | 2,090,000 |
| 2007 Series | 750,000 | | 3,485,000 | 4,235,000 |
| 2012 Series | - | 8,595,000 | - | 8,595,000 |
| 2014 Series | - | 6,515,000 | - | 6,515,000 |
| Total | <u>\$ 6,140,000</u> | <u>\$ 17,200,000</u> | <u>\$ 3,485,000</u> | <u>\$ 26,825,000</u> |

EXHIBIT B-2
FIRST FLORIDA GOVERNMENTAL FINANCING COMMISSION

Total debt service (principal and interest) due in each of the following fiscal years is as follows:

| | 2005B | | 2005C | | 2007 | | 2012 | | 2014 | | All Bonds | | Total |
|-----------|------------------|------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2017 | 335,000 | 289,233 | 1,020,000 | 104,500 | 1,275,000 | 170,968 | 1,575,000 | 223,470 | 830,000 | 984,406 | 5,035,000 | 1,772,577 | 6,807,577 |
| 2018 | 350,000 | 271,478 | 1,070,000 | 53,500 | 545,000 | 119,967 | 1,615,000 | 182,520 | 845,000 | 979,735 | 4,425,000 | 1,607,200 | 6,032,200 |
| 2019 | 365,000 | 252,928 | | | 570,000 | 98,169 | 1,660,000 | 140,530 | 865,000 | 979,708 | 3,460,000 | 1,471,335 | 4,931,335 |
| 2020 | 390,000 | 233,583 | | | 590,000 | 75,369 | 1,215,000 | 97,370 | 885,000 | 979,208 | 3,080,000 | 1,385,530 | 4,465,530 |
| 2021 | 410,000 | 212,523 | | | 615,000 | 51,769 | 1,250,000 | 65,780 | 745,000 | 818,233 | 3,020,000 | 1,148,305 | 4,168,305 |
| 2022 | 430,000 | 190,383 | | | 640,000 | 26,400 | 1,280,000 | 33,280 | 765,000 | 820,577 | 3,115,000 | 1,070,640 | 4,185,640 |
| 2023 | 455,000 | 167,163 | | | | | | | 780,000 | 817,446 | 1,235,000 | 984,609 | 2,219,609 |
| 2024 | 475,000 | 142,706 | | | | | | | 800,000 | 818,960 | 1,275,000 | 961,666 | 2,236,666 |
| 2025 | 500,000 | 117,175 | | | | | | | | | 500,000 | 117,175 | 617,175 |
| 2026 | 530,000 | 90,300 | | | | | | | | | 530,000 | 90,300 | 620,300 |
| 2027 | 560,000 | 61,813 | | | | | | | | | 560,000 | 61,813 | 621,813 |
| 2028 | 590,000 | 31,713 | | | | | | | | | 590,000 | 31,713 | 621,713 |
| \$ | 5,390,000 | 2,060,998 | \$ 2,090,000 | \$ 158,000 | \$ 4,235,000 | \$ 542,642 | \$ 8,595,000 | \$ 742,950 | \$ 6,515,000 | \$ 7,198,271 | \$ 26,825,000 | \$ 10,702,861 | \$ 37,527,861 |

SUMMARY TOTALS

| Year Ended September 30, | Principal | Interest | Total Debt Service |
|-----------------------------|----------------------|----------------------|-----------------------|
| 2017 | 5,035,000 | 1,772,577 | 6,807,577 |
| 2018 | 4,425,000 | 1,607,200 | 6,032,200 |
| 2019 | 3,460,000 | 1,471,335 | 4,931,335 |
| 2020 | 3,080,000 | 1,385,530 | 4,465,530 |
| 2021 | 3,020,000 | 1,148,305 | 4,168,305 |
| 2022-2026 | 6,655,000 | 3,224,390 | 9,879,390 |
| 2027-2028 | 1,150,000 | 93,526 | 1,243,526 |
| Total | \$ 26,825,000 | \$ 10,702,861 | \$ 37,527,861 |

Exhibit C

Form of Certificate of Loan Prepayment

Exhibit C

CERTIFICATE OF LOAN PREPAYMENT
[NAME OF BORROWER]

The undersigned hereby acknowledge and certify on behalf of the First Florida Governmental Financing Commission (the "Commission") and U.S. Bank National Association (the "Trustee") that certain Loan Agreement dated as of _____ (the "Loan Agreement") entered into between the Commission and the [Name of Borrower] (the "Borrower"):

1. Pursuant to the terms of the Loan Agreement, the Commission made a loan on _____ in the amount of \$_____ to the Borrower through the issuance of the First Florida Governmental Financing Commission Bonds, Series XXXX, dated _____ (the "Bonds") pursuant to that certain Trust Indenture between the Commission and the Trustee, dated as of _____.

2. It is acknowledged that the Borrower on _____ made prepayment in full of all amounts due under the Loan Agreement and that all obligations and covenants of the Borrower under the Loan Agreement have been satisfied or have been waived by the Commission except as noted herein.

3. Any funds transferred by the Borrower as a result of the prepayment are held on deposit with the Trustee and will be applied to redeem outstanding Bonds issued by the Commission pursuant to the Trust Indenture. The Commission reasonably expects to use the full amount of the Borrower's prepayment to make such prepayment or redemption with respect to the Bonds on _____. Any excess proceeds not needed to refund the Bonds and pay related costs and expenses shall be promptly returned to the Borrower.

4. The Commission acknowledges the Borrower may have covenants under the Loan Agreement and related documents for federal tax law compliance that survive the prepayment of its loan obligations to the Commission.

Capitalized terms not defined herein shall have the meaning ascribed to them in the Loan Agreement.

Dated this ____ day of _____, 2017

[SEAL]

**FIRST FLORIDA GOVERNMENTAL
FINANCING COMMISSION**

Richard C. Dowdy
Executive Director

U.S. BANK

Janice Entsminger
Vice President

Exhibit D

First Florida Governmental Financing Commission
Audited Financial Statements for the Period Ended September 30, 2016

Financial Statements
and Other Financial Information

First Florida Governmental Financing Commission

*Year ended September 30, 2016
with Report of Independent Auditors*

First Florida Governmental Financing Commission

Financial Statements
and Other Financial Information

Year ended September 30, 2016

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Report of Independent Auditors

Members

First Florida Governmental Financing Commission

Report on the Financial Statements

We have audited the accompanying financial statements of First Florida Governmental Financing Commission (the Commission), which comprise the statement of net position as of September 30, 2016, and the related 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Florida Governmental Financing Commission, as of September 30, 2016, and the changes in its net position and cash flows for the 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 on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying combining schedules listed in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2017, on our consideration of the 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 the Commission's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 3, 2017

**First Florida Governmental Financing Commission
Management's Discussion and Analysis
September 30, 2016**

Our discussion and analysis of the financial performance of the First Florida Governmental Financing Commission (the Commission) provides an overview of the Commission's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the Commission's financial statements, which begin on page seven.

Using this Annual Report

This report, consisting of the basic financial statements and supplemental schedules, is intended to provide information about the Commission as a whole and an overview of the Commission's financial position. The basic financial statements include the following: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and Notes to Financial Statements. All of the statements are presented on the economic resources measurement focus and accrual basis of accounting.

Commission as a Whole

The Commission is considered a special purpose government engaged in business-type activities, which reports similarly to an enterprise fund in accordance with accounting principles generally accepted in the United States of America.

Financial Highlights

For the years ended September 30, 2016 and 2015, a summary of financial statement information follows:

| | <u>2016</u> | <u>2015</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|---|----------------------|----------------------|--------------------------|---------------------------|
| Assets | | | | |
| Current Assets | \$ 5,482,392 | \$ 10,145,829 | \$ (4,663,437) | -45.96% |
| Noncurrent Assets | 21,709,555 | 46,927,846 | (25,218,291) | -53.74% |
| Total Assets | <u>\$ 27,191,947</u> | <u>\$ 57,073,675</u> | <u>\$ (29,881,728)</u> | -52.36% |
| Liabilities | | | | |
| Current Liabilities | \$ 5,480,633 | \$ 10,145,829 | \$ (4,665,196) | -45.98% |
| Noncurrent Liabilities | 21,709,555 | 46,927,846 | (25,218,291) | -53.74% |
| Total Liabilities | <u>27,190,188</u> | <u>57,073,675</u> | <u>(29,883,487)</u> | -52.36% |
| Net Position | | | | |
| Unrestricted | 1,759 | - | 1,759 | |
| Total Liabilities and Net Position | <u>\$ 1,759</u> | <u>\$ -</u> | <u>\$ 1,759</u> | 100.00% |

**First Florida Governmental Financing Commission
Management's Discussion and Analysis (continued)
September 30, 2016**

Changes in assets and liabilities are the result of normal debt service and operating activity of the Commission. Member participants made scheduled principal repayments of \$11,720,000.

| | <u>2016</u> | <u>2015</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|--|--------------------|--------------------|--------------------------|---------------------------|
| Operating Revenues | | | | |
| Billings to Participants | \$ 2,456,556 | \$ 3,276,253 | \$ (819,697) | -25.02% |
| Investment Income | 1,901 | 26 | 1,875 | 7211.54% |
| Total Operating Revenues | <u>2,458,457</u> | <u>3,276,279</u> | <u>(817,822)</u> | -24.96% |
| Operating Expenses | <u>(2,456,698)</u> | <u>(3,278,635)</u> | <u>821,937</u> | -25.07% |
| Operating Income (Loss) | 1,759 | (2,356) | 4,115 | 174.66% |
| Increase (Decrease) in Net Position | <u>1,759</u> | <u>(2,356)</u> | <u>4,115</u> | 174.66% |
| Net Position, Beginning of Year | - | 2,356 | (2,356) | -100.00% |
| Net Position, End of Year | <u>\$ 1,759</u> | <u>\$ -</u> | <u>\$ 1,759</u> | |

Operating revenues include debt service (interest only) and other payments from members, and investment earnings on cash equivalents. Operating expenses include professional fees, operational and administrative expenses, and interest expense. Non-operating income (expense) includes amortization of bond issuance costs and premiums/discounts on bonds payable and notes receivable.

Debt Outstanding

The Commission, as a cooperative financing entity, does not maintain an independent debt rating and maintains underlying ratings performed by a nationally recognized rating agency for the loan security pledged by each active member participant in addition to separately securing an independent rating for pooled bond issuances. Under permissive statutory requirements, the Commission has validated and is authorized to issue up to \$1 billion in revenue bonds.

In 2015-2016, the City of Boca, Florida; the City of Gainesville, Florida; and the City of Sarasota, Florida withdrew their respective memberships upon satisfying their debt obligations with the Commission.

**First Florida Governmental Financing Commission
Management's Discussion and Analysis (continued)
September 30, 2016**

Following is a summary of the principal activity for the year on revenue bonds payable:

| | |
|------------------------------|----------------------|
| Beginning balance | \$ 56,555,000 |
| Scheduled principal payments | (11,720,000) |
| Defeasances | <u>(18,010,000)</u> |
| Ending balance | <u>\$ 26,825,000</u> |

Economic Factors

As an intergovernmental, conduit debt issuer, the Commission's financial activity is solely dependent upon the capital financing needs of its member governments and other market considerations beyond the Commission's scope and control, including but not limited to the current short- and long-term interest rates, general market conditions, and the general economy of its members, the region, the nation; and the global economy. Participation in the Commission's financing program is optional and favorable economic conditions provided several members the opportunity to undertake refundings independent of the Commission. In addition, those members satisfying their loan obligations elected to withdraw their memberships from the Commission.

Requests for Information

This financial report is designed to provide Commission members and their citizens, taxpayers, customers, investors, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact the Executive Director, First Florida Governmental Financing Commission, by calling 850-878-1874 or by accessing the Commission's web site at www.ffgfc.com.

First Florida Governmental Financing Commission

Statement of Net Position

September 30, 2016

Assets

Current assets:

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 1,892 |
| Accrued interest | 443,011 |
| Notes receivable, current | 5,035,000 |
| Prepaid expense | 2,489 |
| Total current assets | <u>5,482,392</u> |

Noncurrent assets:

| | |
|---|-------------------|
| Notes receivable, noncurrent: | |
| At par, net of current portion | 21,790,000 |
| Less: unamortized premium/discount, net | (140,678) |
| Unamortized bond insurance costs, net | 60,233 |
| Total noncurrent assets | <u>21,709,555</u> |

| | |
|--------------|----------------------|
| Total assets | <u>\$ 27,191,947</u> |
|--------------|----------------------|

Liabilities

Current liabilities:

| | |
|---------------------------|------------------|
| Accrued interest | \$ 443,144 |
| Bonds payable, current | 5,035,000 |
| Unearned revenues | 2,489 |
| Total current liabilities | <u>5,480,633</u> |

Noncurrent liabilities:

| | |
|---|-------------------|
| Bonds payable, at par, net of current portion | 21,790,000 |
| Less: unamortized premium/discount | (80,445) |
| Total noncurrent liabilities | <u>21,709,555</u> |

| | |
|-------------------|-------------------|
| Total liabilities | <u>27,190,188</u> |
|-------------------|-------------------|

Net position

| | |
|--------------------|--------------|
| Unrestricted | <u>1,759</u> |
| Total net position | <u>1,759</u> |

| | |
|------------------------------------|----------------------|
| Total liabilities and net position | <u>\$ 27,191,947</u> |
|------------------------------------|----------------------|

See accompanying notes.

First Florida Governmental Financing Commission

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2016

Operating revenues:

Billings to participants for:

| | |
|--------------------------|------------------|
| Interest | \$ 2,373,344 |
| Fees and expenses | 83,212 |
| Investment income | 1,901 |
| Total operating revenues | <u>2,458,457</u> |

Operating expenses:

| | |
|-----------------------------|--------------------|
| Accounting services | 15,000 |
| Arbitrage rebate fees | 6,020 |
| Audit fees | 14,750 |
| Interest expense | 2,373,487 |
| Legal fees | 1,375 |
| Program administrative fees | 20,799 |
| Rating agency fees | 8,500 |
| Trustee fees | 16,767 |
| Total operating expenses | <u>(2,456,698)</u> |

Operating income 1,759

Nonoperating income (expense):

| | |
|--|-----------------|
| Amortization of note receivable discounts/premiums | (1,046) |
| Amortization of bond payable discounts/premiums | 31,394 |
| Amortization of bond issue costs | <u>(30,348)</u> |
| Total nonoperating income | <u>-</u> |

Income before other changes 1,759

Change in net position 1,759

Net position at beginning of year -

Net position at end of year \$ 1,759

See accompanying notes.

First Florida Governmental Financing Commission

Statement of Cash Flows

Year ended September 30, 2016

Operating activities

Cash received from participants:

| | |
|---|-------------------|
| Bond principal | \$ 29,730,000 |
| Bond interest | 2,681,032 |
| Fees and expenses | 91,634 |
| Operating interest received | 1,901 |
| Cash paid to suppliers | (91,633) |
| Net cash provided by operating activities | <u>32,412,934</u> |

Noncapital financing activities

| | |
|--|---------------------|
| Principal paid on bonds | (29,730,000) |
| Interest paid on bonds | (2,681,059) |
| Net cash used in noncapital financing activities | <u>(32,411,059)</u> |

Increase in cash and cash equivalents 1,875

Cash and cash equivalents at beginning of year 17

Cash and cash equivalents at end of year \$ 1,892

Reconciliation of operating income to net cash provided by operating activities

| | |
|--|----------------------|
| Operating income | \$ 1,759 |
| Cash received from participants: | |
| Bond principal | 29,730,000 |
| Interest paid on bonds | 2,681,059 |
| Changes in operating assets and liabilities: | |
| Receivables from participants | 10,113 |
| Accrued interest receivables | 306,938 |
| Prepaid expenses | 2,511 |
| Accounts payable | (10,113) |
| Accrued interest payable | (306,822) |
| Unearned revenues | (2,511) |
| Net cash provided by operating activities | <u>\$ 32,412,934</u> |

See accompanying notes.

First Florida Governmental Financing Commission

Notes to Financial Statements

Year ended September 30, 2016

1. Summary of Significant Accounting Policies

Purpose

The First Florida Governmental Financing Commission (the Commission) was created pursuant to the Florida Interlocal Cooperation Act of 1969, Section 163.01, Florida Statutes, as amended. The current members of the Commission are as follows: Broward County, Florida; The City of Hollywood, Florida; and the City of St. Petersburg, Florida. The Commission is a separate legal entity and public body corporate and politic, and can exercise statutorily enumerated powers as to the authorization, issuance, and sale of bonds for the purpose of financing or refinancing any capital projects.

Under the Commission's governing instruments, its specific purpose is to enable a limited number of participating governmental units (the members and other qualified governmental units that are not members), which regularly undertake projects requiring significant debt financing and which have similarly substantial credit worthiness or such investment grade ratings provided by nationally recognized rating agencies and approved by the Commission, to benefit from the economies of scale associated with large scale financings, to assist the governmental units in developing and structuring financial programs to provide essential services and functions at lower costs, and to undertake such purposes as may be permitted by law. The Commission has authorized the issuance of an amount not exceeding \$1 billion of various series revenue bonds of which \$753,610,000 of bonds have been issued.

Each member of the Commission appoints a representative and one or two alternates to serve on the Commission's governing body, which is limited to not more than nine voting representatives. The Commission members have the option of electing its officers annually or for two-year terms. The Commission has no employees and owns no physical equipment or facilities. The Commission maintains a web site at www.ffgfc.com for use by its members, interested parties and investors, and the general public.

Basis of Presentation

The basic financial statements of the Commission have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

First Florida Governmental Financing Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The Commission is considered a special purpose government engaged in business-type activities, which reports as an enterprise fund in accordance with GAAP for governments as established by GASB and, where appropriate, the hierarchy of GAAP as established therefore.

Measurement Focus and Basis of Accounting

The Commission's accounts are maintained in one enterprise fund, and it is considered a major fund for financial reporting purposes. Separate "sub-funds" are maintained for each member. Accounting for enterprise funds uses the accrual basis of accounting and the economic resources measurement focus. Revenues are recognized when they are earned and expensed when they are incurred. Operating revenues include billings to participants and interest earned on cash equivalents. All other revenues are classified as non-operating.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with financial institutions and deposits in highly liquid money market funds. The Commission has not experienced any losses in such accounts. Deposits with financial institutions are not insured by the Federal Deposit Insurance Corporation.

For the purposes of the statement of cash flows, the Commission considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments are stated at market values determined by reference to quotations from dealers. All investments are held by the Trustee - U.S. Bank National Association.

Net Position

Restricted net position generally equals the required balances of cash and investments in debt service reserve accounts. When authorized, balances in restricted accounts will be credited to amounts due by the participants or returned to participants in conjunction with loan and bond redemptions. As of September 30, 2016, no portion of the net position was applicable to reserve fund requirements on the Commission's outstanding debt.

First Florida Governmental Financing Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

The Commission has evaluated subsequent events through March 3, 2017, the date the financial statements were available to be issued. During the period from September 30, 2016 to March 3, 2017, the Commission had material recognizable subsequent events disclosed in Note 6.

Use of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. Receivables from Members and Bonds Payable

Receivables from members represent their respective shares of future principal payments due under loan agreements, less cash and investments on hand with the Commission earmarked for their benefit. Under terms of the loan agreements, each member is liable only for the payments required under their respective loan agreements, and no other member can be assessed by the Commission or an insurer for amounts due from other members of the Commission. The Commission is responsible to repay bonds only to the extent it receives loan repayments from the members.

The loans are issued at a discount to cover the original issue premiums, discounts, and bond issuance costs. The loan discounts and premiums are amortized by the straight-line method over the life of the respective loan.

2. Receivables from Members and Bonds Payable (continued)

Following is a summary of bonds payable which were outstanding at the beginning or end of the fiscal year:

Revenue Bonds, Series 2005B&C – In November 2005, the Commission issued its twentieth series of bonds totaling \$15,125,000. The bonds were issued in two series: \$7,470,000 Taxable Revenue Bonds, Series B (the 2005B Bonds) and \$7,655,000 Tax-exempt Revenue Bonds, Series C (the 2005C Bonds). For the \$7,480,000 of bonds remaining outstanding, the interest rates vary from 3.3% to 5.4%. Semiannual interest payments are made on January 1 and July 1, and annual principal payments are made on July 1 through 2028.

First Florida Governmental Financing Commission

Notes to Financial Statements

2. Receivables from Members and Bonds Payable (continued)

Revenue Bonds, Series 2007 – In March 2007, the Commission issued its twenty-second series of bonds totaling \$18,685,000 (the 2007 Bonds). For the \$4,235,000 of bonds remaining outstanding, the interest rates vary from 3.7% to 4.375%. Semiannual interest payments are made on January 1 and July 1, and annual principal payments are made on July 1 through 2027.

Revenue Refunding Bond, Series 2012 – In September 2012, the Commission issued \$13,280,000 in a private placement bank loan (the 2012 Bond). For the \$8,595,000 of bonds remaining outstanding, interest rate is 2.60%. Semiannual interest payments are made on January 1 and July 1 and annual principal payments are made on July 1 through 2022.

Revenue Refunding Bond, Series 2014 – In June 2014, the Commission issued \$7,965,000 in a private placement bank loan (the 2014 Bond). The proceeds were used to advance refund the 2004 Series and a portion of the 2005 Series. For the \$6,515,000 of bonds remaining outstanding, interest rate is 2.37%. Semiannual interest payments are made on January 1 and July 1 and annual principal payments are made on July 1 through 2024.

All Bonds

All bonds are fixed interest rate bonds and are insured by a bond insurer (except for the Series 2012 and Series 2014 Bonds) for the total of the principal and interest. All bond insurance policies are valid and remain in effect; however, the bond insurance companies insuring the Commission's outstanding debt have received substantial ratings downgrades based on their deteriorating financial conditions and ability to pay claims. Insurance premiums paid upon bond issuance are amortized over the term of the respective issue. All of the bonds are subject to optional redemption provisions as described in their respective official statements.

Changes in bonds payable for the year were as follows:

| | |
|------------------------------|----------------------|
| Beginning balance | \$ 56,555,000 |
| Scheduled principal payments | (11,720,000) |
| Deafeasances | <u>(18,010,000)</u> |
| Ending balance | <u>\$ 26,825,000</u> |

First Florida Governmental Financing Commission

Notes to Financial Statements

2. Receivables from Members and Bonds Payable (continued)

All Bonds (continued)

| | | |
|-------------------|----------------------|---------------------|
| 2002 Series | \$ 1,385,000 | Broward County |
| 2003 Series | 550,000 | City of Sarasota |
| 2005 Series | 3,035,000 | City of Gainesville |
| 2006 Series | 935,000 | Broward County |
| | <u>10,190,000</u> | City of Hollywood |
| Total | 11,125,000 | |
| 2007 Series | 990,000 | City of Gainesville |
| | <u>925,000</u> | City of Hollywood |
| Total | 1,915,000 | |
| Total defeasances | <u>\$ 18,010,000</u> | |

In 2015-2016, the City of Boca Raton, Florida; the City of Gainesville, Florida; and the City of Sarasota, Florida withdrew their respective memberships upon satisfying their debt obligations with Commission.

The principal balance of notes receivable and bonds payable outstanding as of September 30, 2016, by member and bond issue, is as follows:

| | <u>Broward County</u> | <u>City of Gainesville</u> | <u>City of Hollywood</u> | <u>City of St. Petersburg</u> | <u>City of Sarasota</u> | <u>Total</u> |
|--------------|---------------------------|--------------------------------|------------------------------|-----------------------------------|-----------------------------|----------------------|
| 2005B Series | \$ 5,390,000 | \$ - | \$ - | \$ - | \$ - | \$ 5,390,000 |
| 2005C Series | - | - | 2,090,000 | - | - | 2,090,000 |
| 2007 Series | 750,000 | - | - | 3,485,000 | - | 4,235,000 |
| 2012 Series | - | - | 8,595,000 | - | - | 8,595,000 |
| 2014 Series | - | - | 6,515,000 | - | - | 6,515,000 |
| Total | <u>\$ 6,140,000</u> | <u>\$ -</u> | <u>\$ 17,200,000</u> | <u>\$ 3,485,000</u> | <u>\$ -</u> | <u>26,825,000</u> |
| Current | \$ 1,085,000 | \$ - | \$ 3,425,000 | \$ 525,000 | \$ - | \$ 5,035,000 |
| Noncurrent | 5,055,000 | - | 13,775,000 | 2,960,000 | - | 21,790,000 |
| Total | <u>\$ 6,140,000</u> | <u>\$ -</u> | <u>\$ 17,200,000</u> | <u>\$ 3,485,000</u> | <u>\$ -</u> | <u>\$ 26,825,000</u> |

First Florida Governmental Financing Commission

Notes to Financial Statements

2. Receivables from Members and Bonds Payable (continued)

Total debt service (principal and interest) due in each of the following fiscal years is as follows:

| | 2005B | | 2005C | | 2007 | | 2012 | | 2014 | | All Bonds | | Total |
|------|---------------------|---------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2017 | \$ 335,000 | \$ 289,233 | \$ 1,020,000 | \$ 104,500 | \$ 1,275,000 | \$ 170,968 | \$ 1,575,000 | \$ 223,470 | \$ 830,000 | \$ 984,406 | \$ 5,035,000 | \$ 1,772,577 | \$ 6,807,577 |
| 2018 | 350,000 | 271,478 | 1,070,000 | 53,500 | 545,000 | 119,967 | 1,615,000 | 182,520 | 845,000 | 979,735 | 4,425,000 | 1,607,200 | 6,032,200 |
| 2019 | 365,000 | 252,928 | - | - | 570,000 | 98,169 | 1,660,000 | 140,530 | 865,000 | 979,708 | 3,460,000 | 1,471,335 | 4,931,335 |
| 2020 | 390,000 | 233,583 | - | - | 590,000 | 75,369 | 1,215,000 | 97,370 | 885,000 | 979,208 | 3,080,000 | 1,385,530 | 4,465,530 |
| 2021 | 410,000 | 212,523 | - | - | 615,000 | 51,769 | 1,250,000 | 65,780 | 745,000 | 818,233 | 3,020,000 | 1,148,305 | 4,168,305 |
| 2022 | 430,000 | 190,383 | - | - | 640,000 | 26,400 | 1,280,000 | 33,280 | 765,000 | 820,577 | 3,115,000 | 1,070,640 | 4,185,640 |
| 2023 | 455,000 | 167,163 | - | - | - | - | - | - | 780,000 | 817,446 | 1,235,000 | 984,609 | 2,219,609 |
| 2024 | 475,000 | 142,706 | - | - | - | - | - | - | 800,000 | 818,960 | 1,275,000 | 961,666 | 2,236,666 |
| 2025 | 500,000 | 117,175 | - | - | - | - | - | - | - | - | 500,000 | 117,175 | 617,175 |
| 2026 | 530,000 | 90,300 | - | - | - | - | - | - | - | - | 530,000 | 90,300 | 620,300 |
| 2027 | 560,000 | 61,813 | - | - | - | - | - | - | - | - | 560,000 | 61,813 | 621,813 |
| 2028 | 590,000 | 31,713 | - | - | - | - | - | - | - | - | 590,000 | 31,713 | 621,713 |
| | <u>\$ 5,390,000</u> | <u>\$ 2,060,998</u> | <u>\$ 2,090,000</u> | <u>\$ 158,000</u> | <u>\$ 4,235,000</u> | <u>\$ 542,642</u> | <u>\$ 8,595,000</u> | <u>\$ 742,950</u> | <u>\$ 6,515,000</u> | <u>\$ 7,198,273</u> | <u>\$ 26,825,000</u> | <u>\$ 10,702,863</u> | <u>\$ 37,527,863</u> |

| | Broward County | | | | | | City of Hollywood | | | | | | City of St. Petersburg | | | | | | All Bonds | | |
|------|---------------------|---------------------|-------------------|------------------|---------------------|---------------------|---------------------|-------------------|---------------------|-------------------|---------------------|---------------------|------------------------|---------------------|---------------------|-------------------|----------------------|----------------------|----------------------|--|-------|
| | 2005B | | 2007 | | Totals | | 2005C | | 2012 | | 2014 | | Totals | | 2007 | | 2007 | | All Bonds | | Total |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | | | |
| 2017 | \$ 335,000 | \$ 289,233 | \$ 750,000 | \$ 30,000 | \$ 1,085,000 | \$ 319,233 | \$ 1,020,000 | \$ 104,500 | \$ 1,575,000 | \$ 223,470 | \$ 830,000 | \$ 984,406 | \$ 3,425,000 | \$ 1,312,376 | \$ 525,000 | \$ 140,968 | \$ 5,035,000 | \$ 1,772,577 | \$ 6,807,577 | | |
| 2018 | 350,000 | 271,478 | - | - | 350,000 | 271,478 | 1,070,000 | 53,500 | 1,615,000 | 182,520 | 845,000 | 979,735 | 3,530,000 | 1,215,755 | 545,000 | 119,967 | 4,425,000 | 1,607,200 | 6,032,200 | | |
| 2019 | 365,000 | 252,928 | - | - | 365,000 | 252,928 | - | - | 1,660,000 | 140,530 | 865,000 | 979,708 | 2,525,000 | 1,120,238 | 570,000 | 98,169 | 3,460,000 | 1,471,335 | 4,931,335 | | |
| 2020 | 390,000 | 233,583 | - | - | 390,000 | 233,583 | - | - | 1,215,000 | 97,370 | 885,000 | 979,208 | 2,100,000 | 1,076,578 | 590,000 | 75,369 | 3,080,000 | 1,385,530 | 4,465,530 | | |
| 2021 | 410,000 | 212,523 | - | - | 410,000 | 212,523 | - | - | 1,250,000 | 65,780 | 745,000 | 818,233 | 1,995,000 | 884,013 | 615,000 | 51,769 | 3,020,000 | 1,148,305 | 4,168,305 | | |
| 2022 | 430,000 | 190,383 | - | - | 430,000 | 190,383 | - | - | 1,280,000 | 33,280 | 765,000 | 820,577 | 2,045,000 | 853,857 | 640,000 | 26,400 | 3,115,000 | 1,070,640 | 4,185,640 | | |
| 2023 | 455,000 | 167,163 | - | - | 455,000 | 167,163 | - | - | - | - | 780,000 | 817,446 | 780,000 | 817,446 | - | - | 1,235,000 | 984,609 | 2,219,609 | | |
| 2024 | 475,000 | 142,706 | - | - | 475,000 | 142,706 | - | - | - | - | 800,000 | 818,960 | 800,000 | 818,960 | - | - | 1,275,000 | 961,666 | 2,236,666 | | |
| 2025 | 500,000 | 117,175 | - | - | 500,000 | 117,175 | - | - | - | - | - | - | - | - | - | - | 500,000 | 117,175 | 617,175 | | |
| 2026 | 530,000 | 90,300 | - | - | 530,000 | 90,300 | - | - | - | - | - | - | - | - | - | - | 530,000 | 90,300 | 620,300 | | |
| 2027 | 560,000 | 61,813 | - | - | 560,000 | 61,813 | - | - | - | - | - | - | - | - | - | - | 560,000 | 61,813 | 621,813 | | |
| 2028 | 590,000 | 31,713 | - | - | 590,000 | 31,713 | - | - | - | - | - | - | - | - | - | - | 590,000 | 31,713 | 621,713 | | |
| | <u>\$ 5,390,000</u> | <u>\$ 2,060,998</u> | <u>\$ 750,000</u> | <u>\$ 30,000</u> | <u>\$ 6,140,000</u> | <u>\$ 2,090,998</u> | <u>\$ 2,090,000</u> | <u>\$ 158,000</u> | <u>\$ 8,595,000</u> | <u>\$ 742,950</u> | <u>\$ 6,515,000</u> | <u>\$ 7,198,273</u> | <u>\$ 17,200,000</u> | <u>\$ 8,099,223</u> | <u>\$ 3,485,000</u> | <u>\$ 512,642</u> | <u>\$ 26,825,000</u> | <u>\$ 10,702,863</u> | <u>\$ 37,527,863</u> | | |

First Florida Governmental Financing Commission

Notes to Financial Statements

2. Receivables from Members and Bonds Payable (continued)

The summary of debt service requirements at September 30, 2016, was as follows:

| Years Ended September 30, | Principal | Interest | Total Debt Service |
|------------------------------|----------------------|----------------------|-----------------------|
| 2017 | 5,035,000 | 1,772,577 | 6,807,577 |
| 2018 | 4,425,000 | 1,607,200 | 6,032,200 |
| 2019 | 3,460,000 | 1,471,335 | 4,931,335 |
| 2020 | 3,080,000 | 1,385,530 | 4,465,530 |
| 2021 | 3,020,000 | 1,148,305 | 4,168,305 |
| 2022-2026 | 6,655,000 | 3,224,390 | 9,879,390 |
| 2027-2028 | 1,150,000 | 93,526 | 1,243,526 |
| Total | <u>\$ 26,825,000</u> | <u>\$ 10,702,863</u> | <u>\$ 37,527,863</u> |

Bond Related Accounts

Following is a summary of bond-related accounts at September 30, 2016:

| | <u>Unamortized Bond Insurance Costs</u> | <u>Unamortized Bond Discount</u> | <u>Unamortized Loan Discount</u> |
|----------------|---|--|--|
| 2005B&C Series | \$ 35,231 | \$ 70,535 | \$ 105,766 |
| 2007 Series | 25,002 | 9,910 | 34,912 |
| Total | <u>\$ 60,233</u> | <u>\$ 80,445</u> | <u>\$ 140,678</u> |

Following is the activity in the above accounts for the year:

| | <u>Unamortized Bond Insurance Costs</u> | <u>Unamortized Bond (Premium) Discount</u> | <u>Unamortized Loan Discount</u> |
|-----------|---|--|--|
| Beginning | \$ 218,530 | \$ 247,154 | \$ 465,684 |
| Amortized | (30,348) | 31,394 | 1,046 |
| Defeased | (127,949) | (198,103) | (326,052) |
| Ending | <u>\$ 60,233</u> | <u>\$ 80,445</u> | <u>\$ 140,678</u> |

First Florida Governmental Financing Commission

Notes to Financial Statements

2. Receivables from Members and Bonds Payable (continued)

Defeased Debt

When capital markets are economically advantageous for refinancing opportunities, the Commission and individual members have advanced refunded portions of, or entire series of, the Commission's outstanding revenue bonds. An advance refunding occurs when the proceeds of the refunding bond sale have been placed in an irrevocable escrow account and held with a third-party paying agent. The refunded bond proceeds are dedicated solely for the payment of principal, interest, and redemption premiums on the original refunded debt, thereby satisfying the criteria for "in-substance" defeasances. Accordingly, escrowed accounts and refunded debt are not reported in the Commission's financial statements.

3. Cash and Investments

Authorized investments are defined in the individual bond documents and include investments authorized in Florida Statutes, 218.415(17), as well as repurchase agreements and certain U.S. Government agency securities authorized by bond covenants. The Trustee minimizes the cash and cash equivalents on hand by applying credits to the amounts due from borrowers during each semi-annual billing cycle. At year-end, the Commission had no cash deposits; all cash balances are swept to money market fund accounts on a daily basis. The Trustee holds the following cash and investments of the members at September 30, 2016.

| | <u>Market Value</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Credit Rating (S&P)</u> | <u>Member</u> |
|-------------------|-------------------------|--------------------------|-----------------|--|---------------|
| Money Market Fund | \$ 1,892 | -% | Daily | Not rated | All |
| Total | <u>\$ 1,892</u> | | | | |

First Florida Governmental Financing Commission

Notes to Financial Statements

4. Segment Information

The current members of the Commission are subject to the reporting requirements for segments. A segment is an identifiable activity reported as or within an enterprise fund for which revenue bonds remain outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets, and liabilities that can be identified. Each segment is a Florida county or municipality. Condensed combining financial statements follow.

COMBINING CONDENSED STATEMENT OF NET POSITION

| | Broward County | City of Gainesville | City of Hollywood | City of St. Petersburg | City of Sarasota | Total |
|------------------------|-------------------|------------------------|----------------------|---------------------------|---------------------|-------------------|
| Assets | | | | | | |
| Current assets | \$ 1,166,698 | \$ - | \$ 3,754,170 | \$ 561,524 | \$ - | \$ 5,482,392 |
| Noncurrent assets | 5,030,958 | - | 13,737,352 | 2,941,245 | - | 21,709,555 |
| Total assets | <u>6,197,656</u> | <u>-</u> | <u>17,491,522</u> | <u>3,502,769</u> | <u>-</u> | <u>27,191,947</u> |
| Liabilities | | | | | | |
| Current liabilities | 1,165,777 | - | 3,753,856 | 561,000 | - | 5,480,633 |
| Noncurrent liabilities | 5,030,958 | - | 13,737,352 | 2,941,245 | - | 21,709,555 |
| Total liabilities | <u>6,196,735</u> | <u>-</u> | <u>17,491,208</u> | <u>3,502,245</u> | <u>-</u> | <u>27,190,188</u> |
| Net position | | | | | | |
| Restricted | - | - | - | - | - | - |
| Unrestricted | 921 | - | 314 | 524 | - | 1,759 |
| Total net position | <u>\$ 921</u> | <u>\$ -</u> | <u>\$ 314</u> | <u>\$ 524</u> | <u>\$ -</u> | <u>\$ 1,759</u> |

COMBINING CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

| | Broward County | City of Gainesville | City of Hollywood | City of St. Petersburg | City of Sarasota | Total |
|-----------------------------------|-------------------|------------------------|----------------------|---------------------------|---------------------|--------------------|
| Operating revenues | | | | | | |
| Billings to participants | \$ 544,169 | \$ 77,385 | \$ 1,523,745 | \$ 273,337 | \$ 37,920 | \$ 2,456,556 |
| Investment income | 996 | - | 339 | 566 | - | 1,901 |
| Total operating revenues | <u>545,165</u> | <u>77,385</u> | <u>1,524,084</u> | <u>273,903</u> | <u>37,920</u> | <u>2,458,457</u> |
| Operating expenses | <u>(544,244)</u> | <u>(77,385)</u> | <u>(1,523,770)</u> | <u>(273,379)</u> | <u>(37,920)</u> | <u>(2,456,698)</u> |
| Operating income | <u>921</u> | <u>-</u> | <u>314</u> | <u>524</u> | <u>-</u> | <u>1,759</u> |
| Nonoperating income | - | - | - | - | - | - |
| Other changes | - | - | - | - | - | - |
| Increase in net position | <u>921</u> | <u>-</u> | <u>314</u> | <u>524</u> | <u>-</u> | <u>1,759</u> |
| Net position at beginning of year | - | - | - | - | - | - |
| Net position end of year | <u>\$ 921</u> | <u>\$ -</u> | <u>\$ 314</u> | <u>\$ 524</u> | <u>\$ -</u> | <u>\$ 1,759</u> |

COMBINING CONDENSED STATEMENT OF CASH FLOWS

| | Broward County | City of Gainesville | City of Hollywood | City of St. Petersburg | City of Sarasota | Total |
|--|-------------------|------------------------|----------------------|---------------------------|---------------------|-----------------|
| Net cash provided by (used in) | | | | | | |
| Operating activities | \$ 6,745,777 | \$ 4,484,845 | \$ 16,847,402 | \$ 3,355,686 | \$ 979,224 | \$ 32,412,934 |
| Noncapital financing activities | (6,744,819) | (4,484,848) | (16,847,011) | (3,355,156) | (979,225) | (32,411,059) |
| Investing activities | - | - | - | - | - | - |
| Increase (decrease) in cash and cash equivalents | <u>958</u> | <u>(3)</u> | <u>391</u> | <u>530</u> | <u>(1)</u> | <u>1,875</u> |
| Cash and cash equivalents at beginning of year | <u>2</u> | <u>3</u> | <u>6</u> | <u>5</u> | <u>1</u> | <u>17</u> |
| Cash and cash equivalents at end of year | <u>\$ 960</u> | <u>\$ -</u> | <u>\$ 397</u> | <u>\$ 535</u> | <u>\$ -</u> | <u>\$ 1,892</u> |

First Florida Governmental Financing Commission

Notes to Financial Statements

5. Allocation of Funds

Under the various trust indentures, agreements with the bond insurers, standby purchase agreements, and trust documents (collectively, the Program Documents), the balances are maintained in four funds (the debt service reserve fund, the cost of issuance fund, the revenue fund, and the loan/principal fund).

For all bond issues of the Commission, the balances in the debt service reserve funds, if required, are based on individually segregated trust account balances which were originally established as a ratio of the original loan agreements. The balances in the cost of issuance fund, revenue funds, and loan/principal funds are prorated based upon the proportionate share of each member's balance of bonds payable to the total balance of outstanding bonds for the respective issue as of September 30, 2016.

6. Subsequent Events

On November 4, 2016, the Member Representatives adopted a resolution of intent providing for the dissolution of the Commission at the earliest possible date after there are no longer any outstanding debt obligations of any participating member. Further, on this date the Member Representatives authorized the trustee to provide notices of full or partial bond redemption of the Series 2005B and Series 2007 Bonds, subject to certain precedent conditions required under the respective trust indentures for these bonds.

On February 2, 2017, the Member Representatives adopted a resolution providing for certain amendments to the Commission's governing documents authorizing the Commission's dissolution and approving a plan of dissolution, which shall become effective between July 1, 2018 and September 30, 2018. The dissolution of the Commission is also contingent upon the approval of certain amendments to the Commission's Interlocal Agreement by each remaining member's governing body.

On February 3, 2017, the City of Hollywood made prepayments in full for the private placements loans under the Series 2012 and Series 2014 Bonds.

Supplemental Information

First Florida Governmental Financing Commission

Combining Statement of Net Position

September 30, 2016

| | City of Boca Raton | Broward County | City of Gainesville | City of Hollywood | City of St. Petersburg | City of Sarasota | Total |
|------------------------------------|-----------------------|-------------------|------------------------|----------------------|---------------------------|---------------------|---------------|
| Assets | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 960 | \$ - | \$ 397 | \$ 535 | \$ - | \$ 1,892 |
| Receivables from participants | - | - | - | - | - | - | - |
| Accrued interest | - | 79,769 | - | 328,011 | 35,231 | - | 443,011 |
| Notes receivable, current | - | 1,085,000 | - | 3,425,000 | 525,000 | - | 5,035,000 |
| Prepaid expense | - | 969 | - | 762 | 758 | - | 2,489 |
| Total current assets | - | 1,166,698 | - | 3,754,170 | 561,524 | - | 5,482,392 |
| Noncurrent assets: | | | | | | | |
| Notes receivable, noncurrent: | | | | | | | |
| At par | - | 5,055,000 | - | 13,775,000 | 2,960,000 | - | 21,790,000 |
| Less unamortized discount, net | - | (58,403) | - | (48,419) | (33,856) | - | (140,678) |
| Unamortized bond issue costs | - | 34,361 | - | 10,771 | 15,101 | - | 60,233 |
| Total noncurrent assets | - | 5,030,958 | - | 13,737,352 | 2,941,245 | - | 21,709,555 |
| Total assets | \$ - | \$ 6,197,656 | \$ - | \$ 17,491,522 | \$ 3,502,769 | \$ - | \$ 27,191,947 |
| Liabilities | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued interest | - | 79,808 | - | 328,094 | 35,242 | - | 443,144 |
| Bonds payable, current | - | 1,085,000 | - | 3,425,000 | 525,000 | - | 5,035,000 |
| Unearned revenues | - | 969 | - | 762 | 758 | - | 2,489 |
| Total current liabilities | - | 1,165,777 | - | 3,753,856 | 561,000 | - | 5,480,633 |
| Noncurrent liabilities | | | | | | | |
| Bonds payable, at par | - | 5,055,000 | - | 13,775,000 | 2,960,000 | - | 21,790,000 |
| Unamortized premium/discount | - | (24,042) | - | (37,648) | (18,755) | - | (80,445) |
| Total noncurrent liabilities | - | 5,030,958 | - | 13,737,352 | 2,941,245 | - | 21,709,555 |
| Total liabilities | - | 6,196,735 | - | 17,491,208 | 3,502,245 | - | 27,190,188 |
| Net position | | | | | | | |
| Unrestricted | - | 921 | - | 314 | 524 | - | 1,759 |
| Total net position | - | 921 | - | 314 | 524 | - | 1,759 |
| Total liabilities and net position | \$ - | \$ 6,197,656 | \$ - | \$ 17,491,522 | \$ 3,502,769 | \$ - | \$ 27,191,947 |

See report of independent auditors.

First Florida Governmental Financing Commission
Combining Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2016

| | City of Boca Raton | Broward County | City of Gainesville | City of Hollywood | City of St. Petersburg | City of Sarasota | Total |
|--|-----------------------|-------------------|------------------------|----------------------|---------------------------|---------------------|--------------|
| Operating revenues | | | | | | | |
| Billings to participants for: | | | | | | | |
| Interest | \$ - | \$ 525,847 | \$ 65,918 | \$ 1,491,842 | \$ 260,318 | \$ 29,419 | \$ 2,373,344 |
| Fees and expenses | - | 18,322 | 11,467 | 31,903 | 13,019 | 8,501 | 83,212 |
| Investment income | - | 996 | - | 339 | 566 | - | 1,901 |
| Total operating revenues | - | 545,165 | 77,385 | 1,524,084 | 273,903 | 37,920 | 2,458,457 |
| Operating expenses | | | | | | | |
| Accounting services | - | 3,113 | 1,891 | 5,915 | 2,462 | 1,619 | 15,000 |
| Arbitrage rebate fees | - | 1,400 | - | 4,620 | - | - | 6,020 |
| Audit fees | - | 3,083 | 2,010 | 5,811 | 2,303 | 1,543 | 14,750 |
| Interest expense | - | 525,923 | 65,918 | 1,491,868 | 260,359 | 29,419 | 2,373,487 |
| Legal fees | - | 283 | 165 | 577 | 223 | 127 | 1,375 |
| Program administrative fees | - | 4,361 | 2,660 | 8,283 | 3,287 | 2,208 | 20,799 |
| Rating agency fees | - | 1,739 | 1,130 | 3,239 | 1,446 | 946 | 8,500 |
| Trustee fees | - | 4,342 | 3,611 | 3,457 | 3,299 | 2,058 | 16,767 |
| Total operating expenses | - | (544,244) | (77,385) | (1,523,770) | (273,379) | (37,920) | (2,456,698) |
| Operating income | - | 921 | - | 314 | 524 | - | 1,759 |
| Nonoperating income (expense): | | | | | | | |
| Amortization of note receivable discounts/premiums | - | 14,293 | 4,223 | 36,765 | (60,332) | 4,005 | (1,046) |
| Amortization of bond payable discounts/premiums | - | (3,847) | (2,554) | (31,492) | 66,930 | 2,357 | 31,394 |
| Amortization of bond issue costs | - | (10,446) | (1,669) | (5,273) | (6,598) | (6,362) | (30,348) |
| Transfers to/from other funds | - | - | - | - | - | - | - |
| Total nonoperating income | - | - | - | - | - | - | - |
| Change in net position | - | 921 | - | 314 | 524 | - | 1,759 |
| Net position at beginning of year | - | - | - | - | - | - | - |
| Net position at end of year | \$ - | \$ 921 | \$ - | \$ 314 | \$ 524 | \$ - | \$ 1,759 |

See report of independent auditors.

First Florida Governmental Financing Commission

Combining Statement of Cash Flows

Year ended September 30, 2016

| | City of Boca Raton | Broward County | City of Gainesville | City of Hollywood | City of St. Petersburg | City of Sarasota | Total |
|--|-----------------------|-------------------|------------------------|----------------------|---------------------------|---------------------|---------------|
| Operating activities | | | | | | | |
| Cash received from participants: | | | | | | | |
| Bond principal | \$ - | \$ 6,150,000 | \$ 4,375,000 | \$ 15,210,000 | \$ 3,055,000 | \$ 940,000 | \$ 29,730,000 |
| Bond interest | - | 594,780 | 109,845 | 1,637,062 | 300,121 | 39,224 | 2,681,032 |
| Fees and expenses | - | 19,955 | 12,334 | 35,958 | 14,408 | 8,979 | 91,634 |
| Operating interest received | - | 996 | - | 339 | 566 | - | 1,901 |
| Paid to suppliers | - | (19,954) | (12,334) | (35,957) | (14,409) | (8,979) | (91,633) |
| Net cash provided by operating activities | - | 6,745,777 | 4,484,845 | 16,847,402 | 3,355,686 | 979,224 | 32,412,934 |
| Noncapital financing activities | | | | | | | |
| Principal paid on bonds | - | (6,150,000) | (4,375,000) | (15,210,000) | (3,055,000) | (940,000) | (29,730,000) |
| Interest paid on bonds | - | (594,819) | (109,848) | (1,637,011) | (300,156) | (39,225) | (2,681,059) |
| Net cash used in noncapital financing activities | - | (6,744,819) | (4,484,848) | (16,847,011) | (3,355,156) | (979,225) | (32,411,059) |
| Decrease in cash and cash equivalents | - | 958 | (3) | 391 | 530 | (1) | 1,875 |
| Cash and cash equivalents at beginning of year | - | 2 | 3 | 6 | 5 | 1 | 17 |
| Cash and cash equivalents at end of year | \$ - | \$ 960 | \$ - | \$ 397 | \$ 535 | \$ - | \$ 1,892 |

(continued)

First Florida Governmental Financing Commission

Combining Statement of Cash Flows (continued)

Year ended September 30, 2016

| | City of Boca Raton | Broward County | City of Gainesville | City of Hollywood | City of St. Petersburg | City of Sarasota | Total |
|--|-----------------------|-------------------|------------------------|----------------------|---------------------------|---------------------|---------------|
| Reconciliation of operating loss to net cash provided by operating activities | | | | | | | |
| Operating income | \$ - | \$ 921 | \$ - | \$ 314 | \$ 524 | \$ - | \$ 1,759 |
| Cash received from participants: | | | | | | | |
| Bond principal | - | 6,150,000 | 4,375,000 | 15,210,000 | 3,055,000 | 940,000 | 29,730,000 |
| Interest paid on bonds | - | 594,819 | 109,848 | 1,637,011 | 300,156 | 39,225 | 2,681,059 |
| Changes in operating assets and liabilities: | | | | | | | |
| Receivables from participants | - | 2,098 | 1,489 | 3,645 | 1,656 | 1,225 | 10,113 |
| Accrued interest receivables | - | 68,933 | 43,177 | 145,220 | 39,803 | 9,805 | 306,938 |
| Prepaid expenses | - | 465 | 622 | 410 | 267 | 747 | 2,511 |
| Accounts payable | - | (2,098) | (1,489) | (3,645) | (1,656) | (1,225) | (10,113) |
| Accrued interest payable | - | (68,896) | (43,180) | (145,143) | (39,797) | (9,806) | (306,822) |
| Deferred revenues | - | (465) | (622) | (410) | (267) | (747) | (2,511) |
| Net cash provided by operating activities | \$ - | \$ 6,745,777 | \$ 4,484,845 | \$ 16,847,402 | \$ 3,355,686 | \$ 979,224 | \$ 32,412,934 |

Other Reports

Report of Independent Auditors 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*

Members

First Florida Governmental Financing Commission

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 First Florida Governmental Financing Commission (the Commission), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 3, 2017

Exhibit E

First Florida Governmental Financing Commission

Operating Budget

Fiscal Years Ending September 30, 2017 and September 30, 2018

Summary

First Florida Governmental Financing Commission
 Estimated Administrative Costs for Professional Fees and Expenses
 Fiscal Years 2016-2017 and 2017-2018
 Plan of Dissolution, dated as of February 2, 2017

| | 2017-2018 Fiscal Year | | | 2016-2017 Fiscal Year | | |
|---------------------------------------|-----------------------|----------------|-----------------|-----------------------|----------------|-----------------|
| | Fees | Expenses | Total | Fees | Expenses | Total |
| <u>Professional Services</u> | | | | | | |
| Bond Counsel | 0 | 0 | 0 | 0 | 0 | 0 |
| Counsel to the Commission [3] | 20,000 | 500 | 20,500 | 20,000 | 500 | 20,500 |
| Disclosure Counsel | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial Advisor | 0 | 0 | 0 | 0 | 0 | 0 |
| Program Administrator [1] | 18,450 | 500 | 18,950 | 18,450 | 500 | 18,950 |
| Accountant [1] | 15,000 | 0 | 15,000 | 15,000 | 0 | 15,000 |
| Auditor | 15,000 | 0 | 15,000 | 15,000 | 0 | 15,000 |
| Underlying Credit Assessments [4] | 0 | 0 | 0 | 0 | 0 | 0 |
| Website Development & Maintenance [2] | 500 | 500 | 1,000 | 500 | 500 | 1,000 |
| Other- Contingency | 0 | 300 | 300 | 0 | 300 | 300 |
| Total | \$68,950 | \$1,800 | \$70,750 | \$68,950 | \$1,800 | \$70,750 |

[1] Administrator and Accounting Services are combined Under the Program Administration Agreement with payments made separately to the contracted parties.

[2] Recurring maintenance costs estimated at \$1,000 inclusive of third-party web site hosting.

[3] General Counsel services to be performed by Bond Counsel on a billable hour basis not to exceed a total of \$20,000 annually.

[4] Discontinued rating assessments performed by Moody's Investors Service for each member with outstanding loans at a total fixed fee of \$8,500 annually.

Note: The above fees and expenses represent projected general administrative expenses of the Commission that are common and benefit all member and non-member participants. Accordingly, these fees and expenses are not associated with the cost of issuance for future bond issues. All disbursements are made pursuant to contractual terms and conditions for each service provider. Projections are for budgetary purposes only. Actual cost allocations to members and non-member participants are based on actual expenditures and the actual outstanding principal loan balances at the time of disbursements.

Outstanding Loan Balances as of September 30, 2016 [5]

Base costs for administrative fees and expenses were allocated using an initial base operating percentage of 8% of the proposed total operating budget for FY 2007-2008 [\$76,950] and a prorated weighting on the balance of common fees and expenses to be allocated to members and any non-member borrower for future fiscal years. Any proposed change to or waiver of the base fee allocation of common expenses must be made in accordance with the Commission's Rules.

| | Beg. Outstanding Loan Balances | Percentage Total Loans | Base Operating Allocation [6] | Prorated Allocation | Total | Operating Expense Ratio |
|------------------------|-----------------------------------|---------------------------|----------------------------------|---------------------|-----------------|----------------------------|
| Broward County | 6,140,000 | 22.889% | \$12,312 | \$7,740 | \$20,052 | 0.3266% |
| City of Hollywood | 17,200,000 | 64.119% | \$12,312 | \$21,681 | \$33,993 | 0.1976% |
| City of St. Petersburg | 3,485,000 | 12.992% | \$12,312 | \$4,393 | \$16,705 | 0.4793% |
| Total | \$26,825,000 | 100.000% | \$36,936 | \$33,814 | \$70,750 | 0.2637% |

[5] Pursuant to Section 1.301 and Section 1.107, Rules of the Commission, as amended

[6] Base Fee - Eight percent of the FY 2007-2008 total budget amount of \$76,950 initially divided equally among six members and now applied among the three remaining members for FY 2016-2017 and FY 2017-2018

Exhibit F

Form of the Amendments to the Interlocal Agreement
providing for the dissolution of the Commission,
as approved by the Member Representatives on February 2, 2017

**FORM OF THE
2017 AMENDMENT TO INTERLOCAL AGREEMENT
DURATION AND DISSOLUTION OF THE COMMISSION**

{The 2017 Amendment to the Interlocal Agreement was approved unanimously by the Member Representatives during a public meeting held on February 2, 2017 and will become effective upon the subsequent ratification and adoption by each of the following: the Board of County Commissioners of Broward County, Florida; the City Commission of the City of Hollywood, Florida; and the City Council of the City of St. Petersburg, Florida. Further, the 2017 Amendment, as unanimously approved by the current members, shall be filed with the Clerk of the Circuit Court in Broward County and Pinellas County prior to its effective date.}

The Interlocal Agreement, as amended, and originally dated as of 26th November, 1985, and initially among the CITY OF ST. PETERSBURG, FLORIDA and the CITY OF SARASOTA, FLORIDA, and MANATEE COUNTY, FLORIDA, as amended, and currently between BROWARD COUNTY, FLORIDA, the CITY OF HOLLYWOOD, FLORIDA, and the CITY OF ST. PETERSBURG, FLORIDA, each one constituting either a municipal corporation organized under the laws of the State of Florida or a County thereof and each constituting a public agency under Part I of Chapter 163, Florida Statutes (the "Governmental Units"), is amended as follows (insertion language is indicated by underlines and deleted language is indicated by strikethroughs):

Section 2.05. Duration of Commission. (a) The Commission shall exist ~~so long as any~~ until all Bonds of the Commission ~~or~~ and obligations of any participating Governmental Unit issued under the Program of the Commission ~~remain outstanding~~ have been retired, and a majority of the Members have resolved to terminate it.

(b) Upon dissolution of the Commission, all assets, if any, of the Commission shall be allocated among the Members equally.

Section 2.06. Dissolution of Commission. (a) Each of the three remaining Members shall use their best efforts to independently prepay their outstanding loan obligations and/or fund the purchase of related bonds in the most efficient and economical manner possible.

(b) The Commission shall provide for its orderly and timely dissolution upon the unanimous consents of the three remaining Members.

(c) Prior to the prepayment of the outstanding loan obligations of its remaining Members, a Plan of Dissolution shall be prepared and unanimously adopted by the Member Representatives in accordance with the Rules of the Commission. The Plan of Dissolution shall include, but not be limited to the following provisions: (1) a dissolution time schedule; (2) an allocation of assets and an assignment of liabilities, if any; (3) the disposition of public records; (4) the assignment of any service contracts to current providers or their successors post-dissolution; and (5) the funding and allocation of dissolution costs. The Plan of Dissolution shall be consistent with and limited by the Interlocal Agreement, as amended by this 2017 Amendment.

(d) Each Member shall be responsible for federal tax law compliance for its loan obligations with the Commission following the dissolution of the Commission.

(e) Each Member shall be responsible for the retention of the archived records of the Commission in accordance with the Plan of Dissolution and as prescribed by federal and state law following the dissolution of the Commission including responding to inquiries regarding the Commission or its Bonds or Loan Agreements and fulfilling public records responsibilities regarding such records.

IN WITNESS WHEREOF, this signatory page evidences the undersigned Governmental Unit's approval of the Agreement, as amended, and has been executed this _____ day of _____ 2017.

(SEAL)

BROWARD COUNTY, FLORIDA

By: _____

Its: _____

ATTESTED:

APPROVED AS TO FORM:

By: _____

Its: _____

By: _____

Its: _____

[Signature page to 2017 Amendment to Interlocal Agreement Dissolution of the Commission between Broward County, Florida, the City of Hollywood, Florida and the City of St. Petersburg, Florida]

IN WITNESS WHEREOF, this signatory page evidences the undersigned Governmental Unit's approval of the Agreement, as amended, and has been executed this _____ day of _____ 2017.

CITY OF HOLLYWOOD, FLORIDA

(SEAL)

By: _____

Its: _____

ATTESTED:

APPROVED AS TO FORM:

By: _____

Its: _____

By: _____

Its: _____

[Signature page to 2017 Amendment to Interlocal Agreement Dissolution of the Commission between Broward County, Florida, the City of Hollywood, Florida and the City of St. Petersburg, Florida]

IN WITNESS WHEREOF, this signatory page evidences the undersigned Governmental Unit's approval of the Agreement, as amended, and has been executed this _____ day of _____ 2017.

CITY OF ST. PETERSBURG, FLORIDA

(SEAL)

By: _____

Its: _____

ATTESTED:

APPROVED AS TO FORM:

By: _____

Its: _____

By: _____

Its: _____

[Signature page to 2017 Amendment to Interlocal Agreement Dissolution of the Commission between Broward County, Florida, the City of Hollywood, Florida and the City of St. Petersburg, Florida]