

ORCHARD POND GREENWAY, LLC
Tallahassee, Florida

**STATE INFRASTRUCTURE BANK LOAN
PROGRAM - SPECIFIC AUDIT**

December 31, 2016

CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
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FINANCIAL STATEMENTS:

Schedule of Expenditures of State Financial Assistance	3
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REPORTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS OF THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO), AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL*

Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General	4 - 5
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Schedule of Findings and Questioned Costs	6
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MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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THOMSON BROCK
LUGER & COMPANY

Certified Public Accountants and Business Advisors

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FRED C. LUGER, C.P.A.
MATTHEW R. HANSARD, C.P.A.
ANN MARIE BACHMAN, C.P.A.
GREGORY J. COCHRAN, C.P.A.

JOHN K. KIRK, C.P.A.
KELLY VAZQUEZ, C.P.A.

OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

INDEPENDENT AUDITORS' REPORT

Mr. Jeff Phipps, Manager
Orchard Pond Greenway, LLC

Report on Schedule of Expenditures of State Financial Assistance

We have audited the accompanying schedule of expenditures of state financial assistance for the State Infrastructure Bank Loan of Orchard Pond Greenway, LLC for the year ended December 31, 2016.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the financial statement of the program in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement of the program based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Opinion

In our opinion, the schedule of expenditures of state financial assistance referred to above presents fairly, in all material respects, the expenditures of state financial assistance under the State Infrastructure Bank Loan in conformity with the basis of accounting described in the notes to the schedule of expenditures of state financial assistance.

Basis of Accounting

We draw attention to the notes of the financial statement, which describe the basis of accounting. The schedule of expenditures of state financial assistance is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Thomson Block Budget Company

September 28, 2017

ORCHARD POND GREENWAY, LLC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2016

<u>Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>Florida Department of Transportation</u>			
State Infrastructure Bank	55.020	ARD21	\$ <u>3,905,818</u>
Total expenditures of state financial assistance			\$ <u>3,905,818</u>

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Orchard Pond Greenway, LLC (the "Company") and is presented on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of presentation differs from accounting principles generally accepted in the United States of America in that the expenses are recognized when paid rather than when the obligation is incurred. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the State of Florida Auditor General.

In June 2014, the Company approved the State Infrastructure Bank ("SIB Loan") Loan Agreement with the Florida Department of Transportation ("FDOT"). The purpose of the SIB Loan is to provide the Company funding necessary for the design and construction phases of a toll road located in Tallahassee, Florida. The project was completed in August 2016.

The SIB Loan is a revolving loan and credit enhancement program. The SIB Loan provided the Company an initial loan in the amount of \$13,500,000 at an interest rate of 4%. The Company has drawn \$13,474,628 as of December 31, 2016 with no additional amounts to be drawn. The Company must report to the state of Florida its compliance annually through the life of the loan.

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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

Mr. Jeff Phipps, Manager
Orchard Pond Greenway, LLC

Report on Compliance for Each State Project

We have audited the Orchard Pond Greenway, LLC (the "Company") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Company's major State projects for the year ended December 31, 2016. The Company's major State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance on the Company's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Company's major State project. However, our audit does not provide a legal determination of the Company's compliance.

Opinion on Each Major State Project

In our opinion, the Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Thomson Black & Veatch Company

September 28, 2017

ORCHARD POND GREENWAY, LLC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2016

Section A - Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the schedule of expenditures of state financial assistance of Orchard Pond Greenway, LLC.
2. No material weaknesses or significant deficiencies were disclosed during the audit of the schedule of expenditures of state financial assistance.
3. No material weaknesses or instances of noncompliance material to the schedule of expenditures of state financial assistance of Orchard Pond Greenway, LLC, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies in the internal control over major state projects were identified during the audit.
5. The auditors' report on compliance for the major state projects for Orchard Pond Greenway, LLC expresses an unmodified opinion.
6. There were no reportable audit findings relative to major state projects for Orchard Pond Greenway, LLC under Chapter 10.656, Rules of the Auditor General.
7. The state project tested as a major project was:

Florida Department of Transportation:
State Infrastructure Bank - CSFA #55.020
8. The threshold used for distinguishing between Type A and B programs was \$300,000 for major state projects.

Section B - Other Issues:

1. No Management letter is required because there were no findings required to be reported in the management letter.
2. No Summary Schedule of Prior Audit findings is required because there were no prior audit findings related to state projects.
3. No corrective action plan is required because there were no findings required to be reported under the Florida Single Audit Act.