FINANCIAL STATEMENTS

VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY

For the Year Ended September 30, 2021
With Independent Auditors' Reports

Authority Members

Sara Caldwell, Esq., Chairman

Dr. Donald O. Travis, PhD, Vice-Chairman
Michael D. Walsh
Frank Robert Huth, Jr.
Dr. Randall B. Howard, Ph.D.

Executive Director

Disston T. Moore

Legal Counsel

Landis Graham French, P.A.

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September 30, 2021
VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
DeLand, Florida

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Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Officers and Members of the Board
Volusia County Educational Facilities Authority
DeLand, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Volusia County Educational Facilities Authority (the "Authority") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

205 MAGNOLIA ST. • NEW SMYRNA BEACH, FL 32168-7125 • PHONE (386) 427-1333 • FAX (386) 427-5823 • www.bmcpa.com
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BMC CPAs

December 16, 2021

Management's Discussion and Analysis

VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021

As financial management of Volusia County Educational Facilities Authority (hereinafter referred to as the "Authority"), we offer the readers of these basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year that ended September 30, 2021. This discussion and analysis is designed to assist the reader in focusing on the Authority's significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section, taken as a whole.

Financial Highlights

- Total assets and liabilities decreased by approximately $8.8 million, to a total of $341 million at the end of the fiscal year, compared with the $349.8 million reported at the end of the prior fiscal year. This net decrease was caused primarily by routine debt payments combined with the assumption of no new liabilities.

- Revenue representing loan interest payments from benefiting institutions and investment earnings totaled $15.2 million in 2021, compared to $14.6 million in 2020. Current year revenues are composed primarily of loan interest and debt expense payment reimbursements. Investment earnings of $77 were also recognized by the Authority in 2021, compared with $6,881 earned one year earlier. This represents all service charges and related debt service costs incurred by the Authority's project participants on all of its conduit-debt obligations during these periods.

- Total interest and debt expense on all conduit debt obligations totaled $15.2 million in 2021, compared to $14.6 million in the prior year.

- Current year administrative fund revenues and expenses totaled $14,320 and $14,320, respectively, in 2021, up from $14,105 and $14,105, respectively, for 2020. These amounts represent all service charges and administrative costs incurred by the Authority in conducting its fiscal affairs.

Overview of Financial Statements

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements. The MD&A represents management's examination and analysis of the Authority's financial condition and financial performance taken as a whole. Summary financial statement data, key financial and operational indicators used in the bond indentures and other management tools were used for this analysis.

The basic financial statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the Authority's financial activities, all of which are reported as proprietary fund activities. These statements report information about the Authority using full accrual accounting methods and an economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the Authority's assets and liabilities, both financial and capital, and short-term and long-term are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid, are reported.

The basic financial statements of the Authority include a statement of net position, statement of activities, statement of revenues, expenses and changes in net position, statement of cash flows and notes to the financial statements, which are described as follows:

- The statements of net position (entity-wide and fund level) present the financial position of the Authority on a full accrual, historical cost basis. These statements provide information about the nature and amount of resources and obligations at year-end.

- The statement of activities (entity-wide) and statement of revenues, expenses, and changes in net position (fund level) present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. These statements also provide certain information about the Authority's recovery of its scheduled debt service costs from benefiting institutions in accordance with the various loan indentures.

- The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, capital and related financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event or when an obligation arises.

- The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Financial Analysis

The Authority's basic financial statements report its net position and how it has changed over the reporting period. Net position - the difference between assets and liabilities - typically serves as a useful indicator of an entity's financial position. However, since the Authority's resources and obligations are accounted for as conduit debt obligations, no accumulated net position exists at any given time. All resources are held in trust accounts by the benefiting institutions and are recognized as reductions in the net amount owed to the Authority by its project borrowers. Similarly, all debt obligations are recognized as liabilities of the Authority, with a corresponding receivable from the project borrower, which is stated net of accumulated trust assets and accrued interest payable. Therefore, one needs to consider other non-financial factors such as changes in the economic conditions, compliance with restrictive covenants, and debt payment histories of the Authority project borrowers to adequately assess its overall health.

The material portion of the Authority's assets ($331.4 million, or 97.2% in 2021, compared to $349.8 million, or 99.9% in 2020) consists of the amounts receivable from its project borrowers for current interest and debt expense, along with future required principal reductions. At September 30, 2021, Embry Riddle Aeronautical University, Inc. ("Embry-Riddle") and Stetson University, Inc. ("Stetson") had outstanding accounts receivables for debt obligations totaling $243.3 million and $88.0 million, respectively. The remaining assets ($9.6 million) represent cash and investments held in trust for debt service payments.

The following is a summary of the Authority's assets and liabilities at September 30, 2021, compared to September 30, 2020:

Condensed Statements of Net Position
($000's)

	September 30 2021	September 30 2020	Dollar Change	Percent Change
Assets:				
Cash and cash equivalents-restricted	$ 9,640	$ 1	$ 9,639	963900.00%
Loans receivable	331,367	349,801	(18,434)	-5.27%
Total assets	341,007	349,802	(8,795)	-2.51%
Liabilities:				
Accrued liabilities payable	6,387	6,502	(115)	-1.77%
Revenue bonds payable	334,620	343,300	(8,680)	-2.53%
Total liabilities	341,007	349,802	(8,795)	-2.51%
Net position	$ -	$ -	$ -	0.00%

The Authority's restricted cash for bond funds increased by $9.6 million in 2021, compared to a decrease of $8.0 million during 2020.

Combined loans receivable from participating educational institutions decreased by $18.4 million in 2021, compared to an increase of $67.7 million in 2020. These receivables totaled $331.4 million and $349.8 million at September 30, 2021 and 2020, respectively. These loans receivable reflect the total amounts due from all project borrowers for accrued interest and future mandatory principal reductions, less amounts aggregated in project trust funds for bond retirement and debt service reserve requirements. The aggregate loan balance due from project borrowers is stated net of $9.6 million and $1,469 in related bond and debt service reserve funds held in trust at the end of 2021 and 2020, respectively.

The Authority's accrued interest payable at year end 2021 totaled $6.4 million, which was $115 thousand more than the $6.5 million reported at the end of 2020.

The Authority's revenue bond debt decreased by $8.7 million at the end of 2021 compared to a realized net increase of $59.7 million in 2020. The 2021 net decrease was the result of routine scheduled principal reductions on all outstanding project bonds during the fiscal year.

The following is a summary of the Authority's revenues, expenses and changes in net assets for the year ended September 30, 2021, compared to September 30, 2020.

Condensed Statements of Revenues, Expenses and Changes in Net Position ($000's)

	Year ended September 30		Dollar	Percent
	2021	2020	Change	Change
Revenues:				
Loan interest payments	$ 15,189	$ 14,592	$ 597	4.09%
Administrative charges	14	14	-	0.00%
Investment earnings	-	7	(7)	100.00%
Total revenues	15,203	14,613	590	4.04%
Expenses:				
Administrative contract fees	14	14	-	0.00%
Interest and debt expense	15,189	14,599	590	4.04%
Total expenses	15,203	14,613	590	4.04%
Increase in net position	$ -	$ -	$ -	0.00%

The amount received by the Authority in the current year for loan interest and debt expense payments totaled $15.2 million, an increase of approximately $600 thousand above last year's $14.6 million. Amounts reported do not include loan interest payments for defeased debt obligations since this debt is considered completely satisfied upon its refunding. Likewise, principal, interest and debt expense payments do not include amounts attributable to the Authority's legally discharged debt obligations.

Long-Term Debt and Debt Administration

As of September 30, 2021, the Authority had $334.6 million in outstanding revenue (conduit debt obligation) bonds, compared to $343.3 million at the end of fiscal year 2020. Certain of these obligations are collateralized by a pledge of tuition revenues from Stetson and Embry-Riddle, as defined in their respective bond indentures.

The following is a summary of the debt activity for 2021:

	Balance September 30, 2020	Principal Payments	Balance September 30, 2021	Current Maturities
Projects:				
Embry-Riddle Aeronautical University, Inc.				
Series 2015A	$ 37,905,000	$ (2,975,000)	$ 34,930,000	$ 3,060,000
Series 2015B	41,605,000	(315,000)	41,290,000	280,000
Series 2015C	18,900,000	(2,480,000)	16,420,000	2,535,000
Series 2017	46,355,000	-	46,355,000	-
Series 2020AB	110,135,000	(1,055,000)	109,080,000	1,090,000
Stetson University, Inc.				
Series 2015	88,400,000	(1,855,000)	86,545,000	1,945,000
Totals	$343,300,000	$ (8,680,000)	$334,620,000	$ 8,910,000

The respective bond ratings from Moody's, Standard & Poor's, and Fitch on the Authority's outstanding bond obligations at the time of their original issuance are as follows:

	Moody's	Standard & Poors	Fitch's
Embry-Riddle Aeronautical University Project:			
Series 2015A (bank placement)	(not rated)	(not rated)	(not rated)
Series 2015B	Baa1	(not rated)	A-
Series 2015C (bank placement)	(not rated)	(not rated)	(not rated)
Series 2017	A3	(not rated)	A-
Series 2020AB	A3	(not rated)	A+
Stetson University Project:			
Series 2015	A3	A-	(not rated)

The most recent underlying ratings on the project borrowers are as follows:

Embry-Riddle Aeronautical University, Inc.	A2 (3/10/2021)	(not rated)	A+ (2/17/2021)
Stetson University, Inc.	A3 (1/7/21)	A- (10/30/20	(not rated)

The mandatory debt service requirements on these obligations are detailed in the notes to the financial statements.

Under its current debt agreements, each project borrower has covenanted to maintain various liquidity and debt service coverage ratios. At September 30, 2021, all project borrowers had substantially complied with these financial covenants.

Current Financial Issues and Concerns

The management of each project borrower continues to review and monitor current bond market conditions for evaluating the feasibility of restructuring any and all outstanding debt obligations if, and when, the opportunity presents itself and only after it is conclusively determined that it makes significant financial "sense" to pursue.

The Authority is empowered under the Higher Educational Facilities Authorities Law, Part II of Chapter 243, Florida Statutes to assist accredited not-for-profit institutions of higher education through the issuance of bonds or notes for the purpose of acquiring, constructing, equipping, improving or refinancing educational facilities projects. The Authority has no taxing power. Neither the State of Florida, Volusia County, nor any other political subdivision of the State, are in any way liable for any payment of principal, interest or redemption premium on bonds or notes issued by the Authority for its project borrowers. The Authority has no source of funds for the payment of any bonds issued by Project sponsors other than the obligations of the Project sponsors under the respective loan agreements and other funds pledged under the related indentures to the payment of the bonds.

As a Florida Special District, the Authority must comply with the requirements of Chapter 189, Florida Statutes, when issuing conduit debt obligations for its Project sponsors. In the event a referendum is not required, the Authority must ensure that, at the time of the closing, the bonds met at least one of the following criteria:

- The bonds were rated in one of the highest four ratings by a nationally recognized rating service;
- The bonds were privately placed with or otherwise sold to accredited investors;
- The bonds were backed by a letter of credit from a bank, savings and loan association, or other creditworthy guarantor, or by bond insurance, guaranteeing payment of principal and interest on the bonds; or
- The bonds were accompanied by an independent financial advisory opinion stating that estimates of debt service coverage and probability of debt repayment are reasonable, which opinion was provided by an independent financial advisory, consulting, or accounting firm registered where professional registration is required by law and which is in good standing with the state and in conformance with all applicable professional standards for such opinions.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those who have expressed an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Executive Director, c/o Landis Graham French, 145 East Rich Avenue, Suite C, DeLand, Florida 32724.

Basic Financial Statements

VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF NET POSITION
September 30, 2021

Assets:	
Cash and cash equivalents-restricted	$ 9,640,163
Loans receivable - current portion	4,453,862
Total current assets	14,094,025
Loans receivable, net of current portion	326,913,330
Total Assets	$ 341,007,355
Liabilities and Net Position:	
Current liabilities:	
Accrued interest payable	$ 6,387,355
Revenue bonds payable - current portion	8,910,000
Total current liabilities	15,297,355
Revenue bonds payable, net of current portion	325,710,000
Total Liabilities	341,007,355
Net position	-
Total Liabilities and Net Position	$ 341,007,355

The accompanying notes are an integral part of the financial statements

VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

	Proprietary Funds
Operating Revenues:	
Loan interest payments received	$ 15,189,158
Administrative charges	14,320
Total operating revenues	15,203,478
Operating Expenses:	
Interest expense	15,189,235
Administrative contract fees	14,320
Total operating expenses	15,203,555
Operating loss	(77)
Nonoperating Income:	
Investment earnings	77
Change in net position	-
Net Position:	
Beginning of year	-
End of year	$ -

The accompanying notes are an integral part of the financial statements

VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
STATEMENTS OF NET POSITION – ALL PROPRIETARY FUNDS
September 30, 2021

	Business-type Activities - Enterprise Funds						
	Embry-Riddle Aeronautical University, Inc.					Stetson University, Inc.	Both Universities
	Project 2015A	Project 2015B	Project 2015C	Project 2017	Project 2020AB	Project 2015	Total
Assets:							
Cash and cash equivalents - restricted	$ 3,568,232	$ 1,308,700	$ -	$ 1,158,876	$ 3,603,825	$ 530	$ 9,640,163
Loans receivable - current portion	-	-	2,508,862	-	-	1,945,000	4,453,862
Total current assets	3,568,232	1,308,700	2,508,862	1,158,876	3,603,825	1,945,530	14,094,025
Loans receivable, net of current portion	31,827,209	40,922,788	14,082,505	46,258,426	107,780,515	86,041,887	326,913,330
Total assets	$ 35,395,441	$ 42,231,488	$ 16,591,367	$ 47,417,302	$ 111,384,340	$ 87,987,417	$ 341,007,355
Liabilities and Net Position:							
Current liabilities:							
Accrued interest payable	$ 465,441	$ 941,488	$ 171,367	$ 1,062,302	$ 2,304,340	$ 1,442,417	$ 6,387,355
Revenue bonds payable - current portion	3,060,000	280,000	2,535,000	-	1,090,000	1,945,000	8,910,000
Total current liabilites	3,525,441	1,221,488	2,706,367	1,062,302	3,394,340	3,387,417	15,297,355
Revenue bonds payable, net of current portion	31,870,000	41,010,000	13,885,000	46,355,000	107,990,000	84,600,000	325,710,000
Total liabilities	35,395,441	42,231,488	16,591,367	47,417,302	111,384,340	87,987,417	341,007,355
Net position	-	-	-	-	-	-	-
Total liabilities and net position	$ 35,395,441	$ 42,231,488	$ 16,591,367	$ 47,417,302	$ 111,384,340	$ 87,987,417	$ 341,007,355

The accompanying notes are an integral part of the financial statements

VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
ALL PROPRIETARY FUNDS
Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds							
	Embry-Riddle Aeronautical University, Inc.					Stetson University, Inc.	Both Universities	
	Project 2015A	Project 2015B	Project 2015C	Project 2017	Project 2020AB	Project 2015	Administrative Fund	Total
Operating Revenues:								
Payments for loan interest	$ 1,019,622	$ 2,057,280	$ 376,510	$ 2,317,739	$ 5,028,941	$ 4,389,066	$ -	$ 15,189,158
Administrative charges	-	-	-	-	-	-	14,320	14,320
Total operating revenues	1,019,622	2,057,280	376,510	2,317,739	5,028,941	4,389,066	14,320	15,203,478
Operating Expenses:								
Interest expense	1,019,632	2,057,291	376,510	2,317,750	5,028,969	4,389,083	-	15,189,235
Administrative contract fees	-	-	-	-	-	-	14,320	14,320
Total operating expenses	1,019,632	2,057,291	376,510	2,317,750	5,028,969	4,389,083	14,320	15,203,555
Operating loss	(10)	(11)	-	(11)	(28)	(17)	-	(77)
Nonoperating Income:								
Investment earnings	10	11	-	11	28	17	-	77
Change in net position	-	-	-	-	-	-	-	-
Net Position:								
Beginning of year	-	-	-	-	-	-	-	-
End of year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of the financial statements

VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended September 30, 2021

	Enterprise Funds							
	Embry-Riddle Aeronautical University, Inc.					Stetson University, Inc	Both Universities	
	Project 2015A	Project 2015B	Project 2015C	Project 2017	Project 2020AB	Project 2015	Administrative Fund	Total
Cash Flows from Operating Activities:								
Cash received from benefitting institutions:								
Embry-Riddle Aeronautical University, Inc	$1,567,959	$3,089,207	$ 402,648	$3,476,578	$8,647,272	$ -	$ 9,824	$ 17,193,488
Stetson University, Inc	-	-	-	-	-	4,419,993	4,496	4,424,489
Cash paid to vendors and contractors.	-	-	-	-	-	-	(14,320)	(14,320)
Cash paid to trustee for interest payments	(1,059,749)	(2,060,550)	(402,648)	(2,317,750)	(5,043,475)	(4,420,000)	-	(15,304,172)
Net cash provided by (used in) operating activities	508,210	1,028,657	-	1,158,828	3,603,797	(7)	-	6,299,485
Cash Flows from Capital and Related Financing Activities:								
Cash received from benefitting institutions:								
Embry-Riddle Aeronautical University, Inc	6,034,994	594,999	2,480,000	-	1,054,139	-	-	10,164,132
Stetson University, Inc	-	-	-	-	-	1,855,000	-	1,855,000
Cash payments to trustee-bond principal	(2,975,000)	(315,000)	(2,480,000)	-	(1,055,000)	(1,855,000)	-	(8,680,000)
Net cash provided by (used in) capital and related financing activities	3,059,994	279,999	-	-	(861)	-	-	3,339,132
Cash Flows from Investing Activities:								
Interest on investments, net of trustee fees	10	11	-	11	28	17	-	77
Net cash provided by investing activities	10	11	-	11	28	17	-	77
Net increase in cash equivalents	3,568,214	1,308,667	-	1,158,839	3,602,964	10	-	9,638,694
Cash and cash equivalents - beginning of year	18	33	-	37	861	520	-	1,469
Cash and cash equivalents - end of year	$3,568,232	$1,308,700	$ -	$1,158,876	$3,603,825	$ 530	$ -	$ 9,640,163
Reconciliation of change in net position to net cash used in operating activities:								
Change in Net position	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Adjustments to reconcile operating loss to net cash used in operating activities:								
Change in current assets and liabilities:								
Accrued interest payable	508,210	1,028,657	-	1,158,828	3,603,797	(7)	-	6,299,485
Net cash provided by (used in) operating activities	$ 508,210	$1,028,657	$ -	$1,158,828	$3,603,797	$ (7)	$ -	$ 6,299,485

The accompanying notes are an integral part of the financial statements

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Volusia County Educational Facilities Authority (the "Authority") have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body promulgating governmental accounting and financial reporting principles. The following is a summary of the Authority's significant accounting policies:

A. Reporting Entity

The Authority is a political instrumentality created by the County Council of Volusia County, Florida (the "Volusia County Council") pursuant to the Higher Educational Facilities Authorities Law (the "Act"), Chapter 69-345, Laws of Florida, 1969 (Chapter 243, Part II, Florida Statutes), as revised and amended, to assist institutions for higher education within Volusia County in the construction, financing or refinancing of projects (structures and machinery and equipment related to the operation of the structure) required or useful for the instruction of students or the operation of an institution of higher education. The Authority has no taxing power. Neither the State of Florida, Volusia County nor any other political subdivision of the State are in any way liable for payment of principal, interest or redemption premium on bonds or notes issued by the Authority. The Authority has no source of funds for the payment of bonds other than the obligations of the participating institutions under loan agreements and other funds pledged under the indentures.

Pursuant to the Act, the Volusia County Council appointed five residents of Volusia County as members of the Authority, one of which must be a trustee, director, officer or employee of an institution of higher education in Volusia County. The members are appointed for staggered terms of five years each. Authority members are eligible for reappointment.

The Authority is exempt from both federal and state taxes.

Since its inception, the Authority has issued twenty-six series of revenue bonds, summarized as follows:

1. The first series, dated April 1, 1973, was to finance construction of a building at Stetson University, Inc. (Stetson), DeLand, Florida.
2. The second series, dated April 1, 1977, was used to finance and refinance the acquisition, modification and construction of dormitory facilities at Embry-Riddle Aeronautical University, Inc. (Embry-Riddle), Daytona Beach, Florida. This series was redeemed by Embry-Riddle on October 1, 1991 and title to the property financed was transferred to Embry-Riddle.
3. The third series, dated June 14, 1984, was used for the rehabilitation of Stetson Hall at Stetson, plus furnishings, construction of an operations building, campus roads and parking areas.
4. The fourth series, dated December 31, 1985, was used for construction of residence halls and renovation of existing facilities at Stetson. The 1984 and 1985 Series were refunded by the Stetson Series 1992 revenue bonds.
5. The fifth series, dated August 15, 1989, was used for certain renovations, equipment and construction at the Daytona Beach campus of Embry-Riddle.
6. The sixth series, dated March 11, 1992, was used to refund and refinance certain outstanding obligations of Stetson including the refunding of the 1984 and 1985 series, and finance certain capital improvements.
7. The seventh series, dated November 17, 1992, was used to defease the 1989 series outstanding obligations of Embry-Riddle and finance certain capital improvements.

8. The eighth series, dated March 15, 1996, was used to finance certain capital improvements to Embry-Riddle. These 1996A Series bonds were refunded by the Embry-Riddle Series 2005 revenue bonds on August 5, 2005.
9. The ninth series, dated October 23, 1996, was used to finance the construction of certain capital projects at Stetson and to defease the outstanding Series 1992 Stetson revenue bonds. These 1996A Series bonds were refunded by the Stetson Series 2005 revenue bonds on May 26, 2005.
10. The tenth series, dated June 15, 1999, was applied to finance or refinance certain capital improvements and equipment at Embry-Riddle.
11. The eleventh series, dated June 15, 1999, was used to defease a portion of the 1992 series outstanding obligations of Embry-Riddle.
12. The twelfth series, dated June 15, 1999, was used to finance certain capital improvements at Stetson University.
13. The thirteenth series, dated October 3, 2001, was used to refinance certain existing debt and to finance or refinance the acquisition, construction, and equipping of certain educational facilities at Bethune-Cookman University, Inc. (Bethune-Cookman) in Daytona Beach, Florida.
14. The fourteenth series, dated August 21, 2003, was used to defease the remaining portion of the 1992 series outstanding obligations of Embry-Riddle and to finance certain capital improvements at, and equipment for, Embry-Riddle's Daytona Beach, Florida, and Prescott, Arizona campuses.
15. The fifteenth series, dated May 26, 2005, was used to defease all future maturities of the outstanding Series 1996A Stetson revenue bonds, except for those maturities scheduled for payment on October 15, 2005.
16. The sixteenth series, dated August 5, 2005, was used to refund all of the 1996A series outstanding obligations of Embry-Riddle and to finance certain land, equipment, capital improvements and renovations to Embry-Riddle's Daytona Beach, Florida, and Prescott, Arizona campuses.
17. The seventeenth series, dated December 3, 2010, was used to refund all of the 1996B series and 1999 series outstanding obligations of Stetson and to finance certain campus renovations at Stetson's Deland, Florida, campus.
18. The eighteenth series, dated July 7, 2011, was used to refund all of the 1999A and 1999B series outstanding obligations of Embry-Riddle.
19. The nineteenth series, dated December 15, 2011, was used to refund two existing mortgage obligations and to finance certain campus renovations at Stetson University.
20. The twentieth series, dated November 8, 2013, was used to refund all of the 2003 outstanding obligations of Embry-Riddle. The Series 2013 Bond was modified on June 12, 2015 for the purposes of restructuring its total debt and to effect making certain other covenants and agreements in connection with the restructuring.
21. The twenty-first series, dated February 12, 2015 (Series 2015A), was used for the purposes of refunding a portion of the Series 2005 obligation of Embry-Riddle and making certain other covenants and agreements in connection with the issuance of the loan.
22. The twenty-second series, dated March 23, 2015 (Series 2015B), was issued by Embry-Riddle for the purposes of financing campus renovations and other capital improvements.
23. The twenty-third series, dated April 1, 2015, was used for the purposes of financing certain renovations and improvements to Stetson's Deland campus and Gulfport campus, reimbursement for certain property acquisitions, and to refund the Series 2015, Series 2010 and Series 2011 obligations in their entirety.
24. The twenty-fourth series, dated July 17, 2015 (Series 2015C), was used for the purposes of refunding the remaining portion of the Series 2005 Bonds of Embry-Riddle.

25. The twenty-fifth series, dated July 27, 2017 (Series 2017), was used for the purposes of refunding the outstanding Series 2011 and to finance certain equipment, capital improvements and renovations to the University's Daytona Beach, Florida, and Prescott, Arizona campuses.
26. The twenty-sixth series, dated January 16, 2020 (Series 2020AB) was used for the purpose to finance certain capital projects at the University's Daytona Beach campus located at 1 Aerospace Boulevard, Daytona Beach, Florida (the "Daytona Beach campus"), to finance certain capital projects at the University's Prescott, Arizona campus located at 3700 Willow Creek Road, Prescott, Arizona and to refund the entire Series 2013 Bond and a portion of the Series 2015B Bonds maturing on October 15, 2039.

All refunded bonds are considered to be legally defeased and the liability has been removed from the statement of net position.

The Series 2015 Stetson bonds are collateralized by a pledge of tuition revenues of Stetson, as defined in the Bond Indenture. The Series 2015A, 2015B, 2015C, 2017 and 2020AB Embry-Riddle bonds are collateralized by a pledge of tuition revenues of Embry-Riddle to the lending financial institutions.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and are prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements present the financial position, results of operations and cash flows of the applicable funds controlled by or dependent on the Authority. In evaluating the Authority as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be included within the Authority's financial statements. No component units exist which would require inclusion in the Authority's financial statements.

The Authority's accounts are organized on the basis of fund accounting, and its operations are recorded as business-type proprietary funds. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the authorizing statute is that the debt service and issuance costs of the bonds issued are recovered through payments made by benefiting institutions. Under the various bond indentures, all operating and administrative fees, including those for administration, legal and accounting services, are incurred on a pro-rata basis by each participating institution, which is fully responsible for payment of such expenses. The Authority's separate proprietary financial activities are reported in the Administrative Fund.

The government reports the following major proprietary funds:

- The *Administrative Fund* accounts for the activities of the Authority's administration of the conduit debt obligations and its administrative expenses.

- The *Embry-Riddle Aeronautical University, Inc. Project 2015A Fund* accounts for the activities of the project participant's reporting and servicing of this conduit debt obligation, which is the sole responsibility of Embry-Riddle Aeronautical University, Inc.

- The *Embry-Riddle Aeronautical University, Inc. Project 2015B Fund* accounts for the activities of the project participant's reporting and servicing of this conduit debt obligation, which is the sole responsibility of Embry-Riddle Aeronautical University, Inc.

- The *Embry-Riddle Aeronautical University, Inc. Project 2015C Fund* accounts for the activities of the project participant's reporting and servicing of this conduit debt obligation, which is the sole responsibility of Embry-Riddle Aeronautical University, Inc.

- The *Embry-Riddle Aeronautical University, Inc. Project 2017 Fund* accounts for the activities of the project participant's reporting and servicing of this conduit debt obligation, which is the sole responsibility of Embry-Riddle Aeronautical University, Inc.

- The *Embry-Riddle Aeronautical University, Inc. Project 2020AB Fund* accounts for the activities of the project participant's reporting and servicing of this conduit debt obligation, which is the sole responsibility of Embry-Riddle Aeronautical University, Inc.

- The *Stetson University, Inc. Project 2015 Fund* accounts for the activities of the project participant's reporting and servicing of this conduit debt obligation, which is the sole responsibility of Stetson University, Inc.

The financial statements are prepared on the accrual basis. On the accrual basis, revenues are recorded when earned and expenses are recorded when related liabilities are incurred. The Authority's financial statements report the Authority's conduit debt obligations as liabilities on their balance sheet along with the related assets as allowed by Interpretation No. 2 of the Governmental Accounting Standards Board, *Disclosure of Conduit Debt Obligations*.

Amounts reported as operating revenues include: 1) collections from loan project participants received exclusively for the servicing of conduit debt obligation interest and fiscal charges, and 2) administrative charges to loan project participants for contract services provided by the Authority. Amounts reported as non-operating revenues include: 1) interest earned during the period from the investment of restricted bond funds.

C. Assets, Liabilities and Net Position

Deposits and Investments. The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and money market funds. All investment acquisition authority is based upon the requirements of each Project bond indenture.

Restricted Bond Fund Accounts. Under the Authority's various Project bond indentures, certain restricted accounts have been established for the purpose of maintaining mandatory debt service reserve funds and for the accumulation of the resources earmarked for the payment of mandatory scheduled debt service payments on outstanding obligations. All of the debt service reserve and bond fund accounts of the Authority are maintained by independent trustees under trust agreements.

Fair Value of Financial Instruments. The carrying amount reported in the statement of net position for cash and cash equivalents, loans receivable, and other payables approximates fair value because of the immediate or short-term maturity of these financial instruments.

Loans Receivable. The Authority's receivables include amounts due from the benefiting institutions for the repayments of current and future debt service payments on the related conduit debt obligations. No provision or estimates have been made for any uncollectible accounts based upon management's analysis of historical trends.

Revenue Bond Obligations. In the financial statements, long-term debt obligations are reported as liabilities in the statement of net position. Bonds payable are reported at their par amounts, since this represents the amounts that will ultimately be required to be paid for retirement of the outstanding principal balances. Therefore, no provision has been made to recognize any original issue premiums or discounts.

Risk Management. The Authority has no title to any existing real or tangible personal property, has no responsibility for the payment of any employee salaries, wages or related benefits, and has no involvement in any other direct financial activities. The Authority's financial activities consist exclusively of those activities associated with reporting the changes in its various conduit debt obligations. The Authority has no capital assets, employees, or other financial activities that are exposed to any type of risk of loss that is necessary to be mitigated through the purchase of commercial insurance, participation in a public entity risk pool, or through risk retention.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Recent GASB Accounting Standards: The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

- GASB Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. No action was required by the Authority to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.

- Statement No. 90, *Major Equity Interests. T*he objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. No action was required by the Authority to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.

The Authority is currently evaluating the effects that the following Governmental Accounting Standards Board (GASB) Statements, which will be implemented in future financial statements, will have on its financial statements for subsequent fiscal years.

- Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It is anticipated that no action will be required by the Authority to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of this Statement are to improve relevance and comparability about capital assets and the related cost of borrowing as well as simplify the accounting for interest costs incurred before the end of a construction period. It is anticipated that no action will be required by the Authority to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2020.

- Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. It is anticipated that no action will be required by the Authority to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.

NOTE 2 -CASH DEPOSITS AND INVESTMENTS

Deposits. The Authority does not possess any unencumbered cash deposits and investments held exclusively in its name at September 30, 2021. Instead, separate cash and money market accounts are established, funded and maintained by each project Participant for each Project bond issue in related trust accounts. At September 30, 2021, the Authority's Project Bond Trust Accounts had $9.6 million in aggregate trust (money market and cash) account deposits, all of which is exposed to custodial credit risk in uninsured and uncollateralized accounts.

Pursuant to the applicable provisions of Chapter 280, Florida Statutes, (The Florida Security for Public Deposits Act), the State of Florida, Department of Insurance, Bureau of Collateral Securities, and the Department of Treasury have established specific requirements relative to security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State Treasurer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State Treasurer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States Government and any state thereof and are held in the name of the State Treasurer's office. Compliance with the provisions of Chapter 280, F.S., is monitored by the Department of Insurance. At September 30, 2021, none of the Authority's deposits were included in accounts collateralized in accordance with Chapter 280, F.S.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk as all of its deposits are made pursuant to the related bond indentures and consist of uninsured and uncollateralized amounts invested in institutional U.S. Treasury securities money market funds which are reported at amortized cost. At September 30, 2021, Authority deposits totaling $9.6 million are exposed to custodial credit risk in uninsured and uncollateralized accounts.

Investment Policy. The Authority's investment policies are governed by State Statutes and trust indentures for each of the specific Project bond issues. Funds held in trust may be invested in direct obligations of, or guaranteed by, the United States Government, obligations of agencies of the United States Government, credit rated general or revenue obligations of any state, municipality or political subdivision of any state, credit rated commercial paper, bank deposits, collateralized repurchase agreements, credit rated investment agreements, federal funds and Banker's Acceptances, credit rated mutual funds, credit rated common trust funds, and credit rated corporate obligations.

Interest Rate Risk. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Instead, all trust investments are governed by the respective Project bond indentures. Generally, the Authority's trustees limit the acquisition of investments with maturities of greater than six months, unless such investments are purchased for holding to maturity. Interest rate risk is minimized for all other investments, which are normally held for periods of less than six months.

Credit Risk. The Authority's investments are governed pursuant to the Bond Indentures established for each of its outstanding bond obligations. Investments made in mutual funds must be rated in the highest applicable rating category by any nationally recognized credit rating service. Investments made in investment agreements are limited to obligors whose long-term senior unsecured obligations are rated in one of the three highest whole letter rating categories by any nationally recognized credit rating service. As of September 30, 2021, the Authority's investments in money market funds totaling $9,640,163 were in money market funds guaranteed by the U.S. Treasury.

Concentrations of Credit Risk. The Authority places no limit on the amount the trustees may invest in any one issuer. More than 5% of the Authority's investments are in money market funds guaranteed by the U.S. Treasury. This investment of $9,640,163, represents approximately 100.0% of the Authority's total aggregate deposits and investments.

NOTE 3 - RESTRICTED FUNDS HELD IN TRUST

All of the Authority's cash and investments are externally restricted by the Authority's various Project bond indentures. The Authority's funds held in trust consist of the following accounts:

A. Bond Fund Accounts

The various bond fund accounts are established pursuant to the Bond Indentures to account for the payment of principal and interest on all of the Authority's outstanding bond obligations. Each respective bond issue's Bond Fund Account is composed of the following sub-accounts:

Interest Accounts - Interest Accounts are used to accumulate the necessary funds to pay the interest, as it becomes due, on the Embry-Riddle Series 2015A, 2015B 2015C, 2017 and 2020AB Bonds, and the Stetson University Series 2015 Bonds.

Principal Accounts - Principal Accounts are used to accumulate the necessary funds to pay the principal, as it becomes due, on the Embry-Riddle Series 2015A, 2015B, 2015C, 2017 and 2020AB Bonds, and the Stetson University Series 2015 Bonds.

B. Summary of Restricted Funds Held in Trust

The following is a summary of the restricted funds held in trust at September 30, 2021:

Embry-Riddle Aeronautical University, Inc.	
Series 2015A:	
Bond interest fund	$ 508,227
Bond principal fund	3,060,005
Series 2015B:	
Bond interest fund	1,028,700
Bond principal fund	280,000
Series 2017	
Bond interest fund	1,158,876
Series 2020AB	
Bond interest fund	3,603,825
Total Embry-Riddle Aeronautical University, Inc.	9,639,633
Stetson University Inc.	
Series 2015	
Bond interest fund	3
Bond principal fund	527
Total Stetson University, Inc.	530
Total - all restricted funds held in trust	$ 9,640,163

Bond Payment and Compliance Matters

Pursuant to the requirements of the various bond indentures and loan agreements, all project participants are required to deposit funds sufficient to pay the upcoming semi-annual bond interest and principal payments in the respective Bond Funds not later than one business day prior to any scheduled bond payment date.

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair Value – Definition and Hierarchy: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, the Authority uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Authority. Unobservable inputs reflect the Authority's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Authority has the ability to access. Valuation adjustments are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments does not entail a significant degree of judgment.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Authority in determining fair value is greatest for investments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Authority's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Authority uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified to a lower level within the fair value hierarchy.

As of September 30, 2021, the Authority held no assets requiring recurring fair value measurements.

NOTE 5 - LOANS RECEIVABLE

The Authority has outstanding Project bond principal obligations of $334.6 million as of September 30, 2021, for the benefit of various private institutions of higher education. The obligations are secured by loans, the terms of which generally correspond to the amortization requirements of the related bond issues. A summary of the Authority's loans receivable from the issuance of conduit debt obligations is as follows at September 30, 2021:

A. Embry-Riddle Aeronautical University, Inc.

On February 12, 2015, the Authority issued $50,740,000 in tax-exempt bonds. The proceeds of this issue were loaned to Embry-Riddle pursuant to the terms and conditions of the Bond Indenture. The loan receivable is collateralized by tuition revenues pledged by Embry-Riddle under the indenture. The repayment terms for the loan receivable are identical to the terms of the bonds, which Authority management believes are sufficient to cover all principal and interest due each year. The outstanding loan receivable balance at September 30, 2021 is $31,827,209.

On March 23, 2015, the Authority issued $69,195,000 in tax-exempt bonds. The proceeds of this issue were loaned to Embry-Riddle pursuant to the terms and conditions of the Bond Indenture. The loan receivable is collateralized by tuition revenues pledged by Embry-Riddle under the indenture. The repayment terms for the loan receivable are identical to the terms of the bonds, which Authority management believes are sufficient to cover all principal and interest due each year. The outstanding loan receivable balance at September 30, 2021 is $40,922,788.

On July 17, 2015, the Authority issued $26,535,000 in tax-exempt bonds. The proceeds of this issue were loaned to Embry-Riddle pursuant to the terms and conditions of the Bond Indenture. The loan receivable is collateralized by tuition revenues pledged by Embry-Riddle under the indenture. The repayment terms for the loan receivable are identical to the terms of the bonds, which Authority management believes are sufficient to cover all principal and interest due each year. The outstanding loan receivable balance at September 30, 2021 is $16,591,367.

On August 17, 2017, the Authority issued $46,355,000 in tax-exempt bonds. The proceeds of this issue were loaned to Embry-Riddle pursuant to the terms and conditions of the Bond Indenture. The loan receivable is collateralized by tuition revenues pledged by Embry-Riddle under the indenture. The repayment terms for the loan receivable are identical to the terms of the bonds, which Authority management believes are sufficient to cover all principal and interest due each year. The outstanding loan receivable balance at September 30, 2021 is $46,258,426.

On January 16, 2020, the Authority issued $100,135,000 in tax-exempt bonds and $10,000,000 in taxable bonds. The proceeds of this issue were loaned to Embry-Riddle pursuant to the terms and conditions of the Bond Indenture. The loan receivable is collateralized by tuition revenues pledged by Embry-Riddle under the indenture. The repayment terms for the loan receivable are identical to the terms of the bonds, which Authority management believes are sufficient to cover all principal and interest due each year. The outstanding loan receivable balance at September 30, 2021 is $107,780,515.

B. Stetson University, Inc.

On April 1, 2015, the Authority issued $96,420,000 in tax-exempt bonds. The proceeds of this issue were loaned to Stetson pursuant to the terms and conditions of the Bond Indenture. The loan receivable is collateralized by tuition revenues pledged by Stetson under the indenture. The repayment terms for the loan receivable are identical to the terms of the bonds, which Authority management believes are sufficient to cover all principal and interest due each year. The outstanding loan receivable balance at September 30, 2021 is $87,986,887.

NOTE 6 - REVENUE BONDS PAYABLE

Revenue bonds payable consist of the following at September 30, 2021:

$50,740,000 Educational Facilities Revenue Refunding Bond (Embry-Riddle Aeronautical University, Inc. Project); Series 2015A Serial Bond due October 15, 2019 through 2030, semi-annual interest at 2.91% due April 15 and October 15	$ 34,930,000
$69,195,000 Educational Facilities Revenue Bonds (Embry-Riddle Aeronautical University, Inc. Project); Series 2015B Serial Bonds due October 15, 2019 in part by lot on October 15 of the years 2019 through 2034 with semi-annual interest at 2.00% to 3.746%; including mandatory redemption of the $10,060,000 step coupon bonds maturing October 15, 2039 in part by lot on October 15 of the years 2035 through 2039 with semi-annual interest rates of 3.00% through April 14, 2020, 4.00% through April 14, 2025, 5.00% through April 14, 2031, 5.75% through April 14, 2035, and 6.00% through April 14, 2039; and including the $16,205,000 bonds maturing October 15, 2045 in part by lot on October 15 of the years 2040 through 2045 with semi-annual interest at 3.94% due April 15 and October 15	41,290,000
$26,535,000 Educational Facilities Revenue Refunding Bond (Embry-Riddle Aeronautical University, Inc. Project); Series 2015C Serial Bond due October 15, 2019 through 2026, semi-annual interest at 2.28% due April 15 and October 15	16,420,000
$46,355,000 Educational Facilities Revenue and Refunding Bonds (Embry-Riddle Aeronautical University, Inc. Project); Series 2017 Serial Bond due October 15, 2023 through 2047, semi-annual interest at 5.00% due April 15 and October 15	46,355,000
$110,135,000 Educational Facilities Revenue and Refunding Bonds (Embry-Riddle Aeronautical University, Inc. Project); Series 2020AB Serial Bond due April 15, 2020 through 2050, semi-annual interest at varying rates of 3% to 5% due April 15 and October 15	109,080,000
Total Embry-Riddle Aeronautical University, Inc.	248,075,000
$96,420,000 Educational Facilities Revenue Bonds (Stetson University, Inc. Project) Series 2015, in serial bonds due June 1, 2020 and annually through 2045, semi-annual interest at 5.00% due June 1 and December 1	86,545,000
Total bonds payable - all projects	334,620,000
Current maturities	(8,910,000)
Bonds payable long-term - all projects	$325,710,000

A. Schedule of Changes in Bonds Payable

The following is a schedule of changes in bonds payable for the year ended September 30, 2021:

	Balance September 30, 2020	Principal Payments	Balance September 30, 2021	Current Maturities
Projects:				
Embry-Riddle Aeronautical University, Inc.				
Series 2015A	$ 37,905,000	$ (2,975,000)	$ 34,930,000	$ 3,060,000
Series 2015B	41,605,000	(315,000)	41,290,000	280,000
Series 2015C	18,900,000	(2,480,000)	16,420,000	2,535,000
Series 2017	46,355,000	-	46,355,000	-
Series 2020AB	110,135,000	(1,055,000)	109,080,000	1,090,000
Stetson University, Inc.				
Series 2015	88,400,000	(1,855,000)	86,545,000	1,945,000
Totals	$343,300,000	$ (8,680,000)	$334,620,000	$ 8,910,000

B. Scheduled Maturities

Future annual principal and interest payments on all outstanding issues at September 30, 2021, are as follows:

	Embry-Riddle Aeronautical University, Inc.					Stetson University, Inc.	
Year	Project 2015A	Project 2015B	Project 2015C	Project 2017	Project 2020AB	Project 2015	Total
2022	$ 4,031,940	$ 2,333,200	$ 2,880,477	$ 2,317,750	$ 6,095,850	$ 6,272,250	$ 23,931,467
2023	4,031,585	2,122,875	2,877,052	2,317,750	6,096,350	6,270,000	23,715,612
2024	4,028,610	5,756,625	2,956,404	2,698,000	6,098,900	6,273,000	27,811,539
2025	4,027,944	4,006,375	2,958,419	2,693,125	7,852,900	6,270,750	27,809,513
2026	3,734,513	3,964,375	2,954,009	2,643,625	7,851,525	6,273,250	27,421,297
2027-2031	21,617,800	32,158,875	2,948,231	24,178,625	26,033,625	31,356,000	138,293,156
2032-2036	-	7,095,375	-	11,941,875	33,224,669	31,362,000	83,623,919
2037-2041	-	-	-	12,077,125	43,280,726	31,361,000	86,718,851
2042-2046	-	-	-	12,122,000	33,999,750	25,093,500	71,215,250
2047-2051	-	-	-	11,094,500	38,292,500	-	49,387,000
Total	41,472,392	57,437,700	17,574,592	84,084,375	208,826,795	150,531,750	559,927,604
Less: Interest	(6,542,392)	(16,147,700)	(1,154,592)	(37,729,375)	(99,746,795)	(63,986,750)	(225,307,604)
Net due	$ 34,930,000	$ 41,290,000	$ 16,420,000	$ 46,355,000	$ 109,080,000	$ 86,545,000	$ 334,620,000

C. Advance and Current Refunding and Defeasance

When conditions have warranted, the Authority's Project Participants have sold various issues of bonds to provide for the refunding of previously issued obligations. The proceeds received from the sales of the bond issues were used to refund currently the outstanding bond issues or to deposit in an irrevocable escrow fund held by an escrow agent an amount which, when combined with future interest earned thereon, is at least equal to the sum of the outstanding principal amount of the bonds, the interest to accrue thereon to and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date. In this event, the escrow trust account assets and liabilities for defeased bonds are not included in the Authority's financial statements. The debt service savings, together with any accounting gain or loss that will be deferred, accrued to the respective institutions.

NOTE 7 – SUBSEQUENT EVENTS

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through December 16, 2021, the date the financial statements were available to be issued.

Supplemental Auditors' Reports

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Officers and Members of the Board
Volusia County Educational Facilities Authority
DeLand, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Volusia County Educational Facilities Authority (the "Authority") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 16, 2021.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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.

BMC CPAs

December 16, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

To the Officers and Members of the Board
Volusia County Educational Facilities Authority
DeLand, Florida

Report on the Financial Statements

We have audited the financial statements of Volusia County Educational Facilities Authority (the "Authority") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated December 16, 2021.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated December 16, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Authority is a political instrumentality established by the County Council of Volusia County, Florida, pursuant to the Higher Educational Facilities Authorities Law, Chapter 69-345, Laws of Florida, 1969 (Chapter 243, Part II, Florida Statutes), as revised and amended. There were no component units related to the Authority at September 30, 2021.

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Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. The assessment was done as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2020, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2021. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

BMC CPAs

December 16, 2021

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INDEPENDENT ACCOUNTANTS' REPORT

To the Officers and Members of the Board
Volusia County Educational Facilities Authority
DeLand, Florida

We have examined Volusia County Educational Facilities Authority's (the Authority) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the period October 1, 2020 to September 30, 2021. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the period October 1, 2020 to September 30, 2021.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

BMC CPAs

December 16, 2021

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