

**Report to the  
Board of Governors**

# **Florida Market Assistance Plan**

**May 22, 2019**



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## **Communication to Those Charged with Governance**

May 22, 2019

Board of Governors  
Florida Market Assistance Plan  
Tallahassee, Florida

We have audited the financial statements of the Florida Market Assistance Plan (the Plan) as of and for the year ended December 31, 2018, and have issued our report thereon dated May 22, 2019. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 4, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 1 to the financial statements. No new accounting policies that were material were adopted and the application of existing policies was not changed during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates identified that were considered significant to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the related party transactions described in Note 2 to the financial statements. This disclosure is considered sensitive due to the disclosure of Section 627.3575, which requires funding from Citizens Property Insurance Corporation should the Plan have insufficient funds or assessments to cover its costs.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements detected as a result of audit procedures. In addition, there were no omitted disclosures material to the Plan's financial statements.



**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter included at Appendix A.

**Management Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Significant Matters, Findings, or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Sincerely,

*Dixon Hughes Goodman LLP*

**Charlotte, North Carolina**



## Communication of Internal Control Related Matters

May 22, 2019

Board of Governors  
Florida Market Assistance Plan  
Tallahassee, Florida

In planning and performing our audit of the financial statements of the Florida Market Assistance Plan (the Plan) as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

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

Sincerely,

*Dixon Hughes Goodman LLP*

**Charlotte, North Carolina**

# **Appendix A**

## **Management Representation Letter**



2101 Maryland Circle  
Tallahassee, Florida 32303  
800.524.9023

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May 22, 2019

Dixon Hughes Goodman LLP  
214 N Tryon Street, Suite 2200  
Charlotte, NC 28202

This representation letter is provided in connection with your audits of the financial statements of the Florida Market Assistance Plan (the Plan), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 4, 2018, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We have made available to you:
  - a. All financial records and related data;
  - b. All minutes of the meetings of the Board of Governors (the Board), and committees of the Board, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. There have been no:
  - a. Instances of fraud, whether or not material, involving management or other employees who have a significant role in internal control over financial reporting;
  - b. Instances of fraud involving others that could have a material effect on the financial statements;
  - c. Allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, analysts, regulators, short sellers, or others;



- d. Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the financial statements or as a basis for recording a loss contingency;
  - e. Illegal acts brought to our attention;
  - f. Unasserted claims or assessments that our attorneys have advised us are probable of assertion and must be disclosed;
  - g. Material transactions that have not been properly recorded in the accounting records underlying the financial statements;
  - h. Changes in accounting principles;
  - i. Material adjustments, including changes in classification, to previously issued financial statements.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  7. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  8. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
  9. There are no corrected or uncorrected misstatements and no omitted disclosures material to the financial statements taken as a whole.
  10. The Plan has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
  11. The Plan has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral or deposited in escrow as security.
  12. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Plan vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
  13. Significant assumptions used in making accounting estimates, including estimates of fair value, are reasonable.
  14. The Plan has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and the general ledger accounts were appropriately adjusted in the financial statements.
  15. The following have been properly accounted for and disclosed in the financial statements, where applicable:
    - a. Related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties;
    - b. Guarantees, whether written or oral, under which the Plan is contingently liable.
    - c. Liabilities or gain or loss contingencies and guarantees that are required to be accrued or disclosed;
    - d. Losses, costs, or expenses that may be incurred on securities, loans, receivables, leases, real estate owned and contracts;
    - e. Losses from transactions related to off-balance-sheet financial instruments;
    - f. Significant common ownership or management control relationships requiring disclosure;

- g. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances or similar arrangements.
- 16. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 17. We have disclosed to you all known actual or pending litigation and claims whose effects should be considered when preparing the financial statements.
- 18. There were no financial institutions with significant concentration of credit risk.
- 19. The financial statements disclose all of the matters of which we are aware that are relevant to the Plan's ability to continue as a going concern, including significant conditions and events, and our plans.
- 20. In regard to the non-attest services (specifically advising management about appropriate accounting principles and assistance in preparation of audited financial statements) performed by you, we have:
  - a. Assumed all management responsibilities.
  - b. Overseen the service by designating an individual within senior management, who possess suitable skill, knowledge, or experience.
  - c. Evaluated the adequacy and results of the services performed.
  - d. Accepted responsibility for the results of the services.
  - e. Evaluated and maintained internal controls, including monitoring ongoing activities.
- 21. The Plan has allocated certain expenses from Citizens Property Insurance Corporation for shared services. Management believes these allocations to be fair and equitable to the Plan.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements, including fair value measurements and disclosures.

***Florida Market Assistance Plan***

  
Barry Gilway  
Chief Executive Officer

  
Jennifer Montero  
Chief Financial Officer

  
Andrew Woodward  
Controller