

**Durbin Crossing Community  
Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2015**

**Durbin Crossing Community Development District**

**ANNUAL FINANCIAL REPORT**

Fiscal Year Ended September 30, 2015

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Durbin Crossing Community Development District  
St. Johns County, Florida

### Report on the Financial Statements

We have audited the accompanying basic financial statements of Durbin Crossing Community Development District as of and for the year ended September 30, 2015, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Fort Pierce / Stuart

To the Board of Supervisors  
Durbin Crossing Community Development District

**Summary of Opinions**

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Debt Service 2005	Unmodified
Debt Service 2005A/B	Unmodified
Debt Service 2006A-1/A-2/A-3	Unmodified
Debt Service 2006B	Unmodified
Capital Projects 2005A/B	Unmodified
Non Major Fund	Unmodified

**Other Matters**

*Required Supplementary Information*

Governmental accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *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 in accordance with governmental auditing standards generally accepted in the United States of America, which consisted principally of inquires of management regarding 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 a report dated April 25, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

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 Durbin Crossing Community Development District's internal control over financial reporting and compliance.

To the Board of Supervisors  
Durbin Crossing Community Development District

### **Basis of Opinion on the Discretely Presented Component Unit**

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component unit should have been presented.

### **Adverse Opinion**

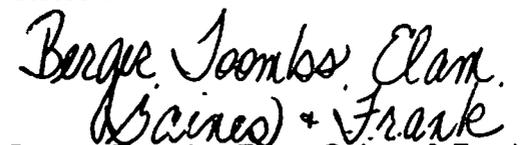
In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Discretely Presented Component Unit", the financial statements referred to above do not present fairly, the financial position of the discretely presented component unit of the District as of September 30, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Adverse Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the District as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

  
Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 25, 2016

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

Management's discussion and analysis of Durbin Crossing Community Development District (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities for the fiscal year ended September 30, 2015. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances. This report also contains other supplementary information in addition to the basic financial statements.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment and debt service.

*Fund financial statements* present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including land, buildings and improvements, and infrastructure are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2015.

- ◆ The District's total assets were exceeded by total liabilities by \$(36,801,695) (net position). Unrestricted net position for Governmental Activities was \$(34,859,460). Net investment in capital assets was \$(2,803,911). Governmental activities restricted net position was \$861,676.
- ◆ Governmental activities revenues totaled \$5,710,626 while governmental activities expenses totaled \$4,837,817.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
Current assets	\$ 735,662	\$ 872,846
Restricted assets	2,354,277	5,403,375
Capital assets	8,489,028	8,820,467
Total Assets	11,578,967	15,096,688
Current liabilities	2,240,662	5,161,192
Non-current liabilities	46,140,000	47,610,000
Total Liabilities	48,380,662	52,771,192
Net Position		
Net investment in capital assets	(2,803,911)	(2,433,965)
Restricted	861,676	2,820,960
Unrestricted	(34,859,460)	(38,061,499)
Total Net Position	\$ (36,801,695)	\$ (37,674,504)

The decrease in total assets and total liabilities was primarily due to the decrease in restricted assets used to pay principal and interest on long term debt.

The reduction in long term liabilities is primarily related to the increase in the principal payment due in fiscal year 2015.

The decrease in current liabilities is primarily related to the forbearance agreement extension of Bond 2006-1 principal and interest.

The decrease in net investment in capital assets is related to depreciation.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes. It is not intended to be a complete presentation of District-wide financial activity.

**Change in Net Position**

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
Program Revenues		
Charges for services	\$ 5,636,754	\$ 7,802,590
General Revenues		
Investment earnings	875	983
Miscellaneous	72,997	12,374
Total Revenues	<u>5,710,626</u>	<u>7,815,947</u>
Expenses		
General government	250,053	234,649
Physical environment	929,996	895,733
Culture/recreation	671,898	661,831
Interest on long-term debt	2,985,870	4,827,269
Total Expenses	<u>4,837,817</u>	<u>6,619,482</u>
Change in Net Position	872,809	1,196,465
Net Position - Beginning of Year	<u>(37,674,504)</u>	<u>(38,870,969)</u>
Net Position - End of Year	<u>\$ (36,801,695)</u>	<u>\$ (37,674,504)</u>

The decrease in charges for services are the result of a budgeted reduction in special assessments.

The increase in physical environment is due to increased landscaping and lake maintenance expenses in the current year. The increase in general government was primarily due to higher replacement and maintenance expenses in the current year.

The decrease in interest on long-term debt was primarily due to the reduction in debt outstanding.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2015 and 2014.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Buildings	\$ 6,741,826	\$ 6,741,826
Improvements other than buildings	4,530,436	4,491,929
Equipment	20,677	20,677
Accumulated depreciation	<u>(2,803,911)</u>	<u>(2,433,965)</u>
Total Capital Assets (Net)	<u>\$ 8,489,028</u>	<u>\$ 8,820,467</u>

The activity for the year consisted of additions of \$38,507 to improvements other than buildings and \$369,946 in depreciation.

**General Fund Budgetary Highlights**

Actual expenditures were less than budgeted amounts primarily because of less security guard expenditures at the amenity centers and the capital reserve amount.

The budget was amended to reflect increased special assessment revenues and additional legal and capital reserve expenditures.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In October 2005, the District issued \$54,995,000 Series 2005A and \$14,590,000 Series 2005B-2 Special Assessment Bonds. These bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Many of those improvements have been conveyed to other governments. As of September 30, 2015, the Series 2005A Bonds outstanding were \$43,620,000.
- ◆ In November 2006 the District issued \$11,365,000 Series 2006-1 Special Assessment Bonds to finance the acquisition and construction of certain improvements for the benefit of the District. The Series 2006-1 Bonds outstanding at September 30, 2015 were \$3,580,000.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Economic Factors and Next Year's Budget**

Durbin Crossing Community Development District has established assessment rates to meet the 2015/16 fiscal year operating and debt service requirements.

**Request for Information**

The financial report is designed to provide a general overview of Durbin Crossing Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Durbin Crossing Community Development District, Governmental Management Services, Inc., 475 West Town Place, Suite 114, St. Augustine, FL 32092.

**Durbin Crossing Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2015**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 365,163
Investments	267,888
Prepaid expenses	30,626
Assessments receivable	71,985
Total Current Assets	735,662
Non-current Assets	
Restricted assets	
Investments	2,354,277
Capital assets	
Assets being depreciated	
Buildings	6,741,826
Improvements other than buildings	4,530,436
Equipment	20,677
Less: accumulated depreciation	(2,803,911)
Total Non-current Assets	10,843,305
Total Assets	11,578,967
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	81,837
Unearned revenues	5,225
Accrued interest	999,625
Bonds payable - current portion	1,060,000
Matured interest payable	93,975
Total Current Liabilities	2,240,662
Non-current liabilities	
Bonds payable	46,140,000
Total Liabilities	48,380,662
<b>NET POSITION</b>	
Net investment in capital assets	(2,803,911)
Restricted for debt service	625,997
Restricted for capital projects	235,679
Unrestricted	(34,859,460)
Total Net Position	\$ (36,801,695)

*See accompanying notes to financial statements.*

**Durbin Crossing Community Development District**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED September 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Position</u> <u>Governmental Activities</u>
Governmental Activities			
General government	\$ (250,053)	\$ 210,878	\$ (39,175)
Physical environment	(929,996)	784,295	(145,701)
Culture/recreation	(671,898)	566,633	(105,265)
Interest on long-term debt	(2,985,870)	4,074,948	1,089,078
Total Governmental Activities	<u>\$ (4,837,817)</u>	<u>\$ 5,636,754</u>	<u>798,937</u>

**General revenues:**

Investment earnings	875
Miscellaneous revenues	72,997
Total General Revenues	<u>73,872</u>

Change in Net Position	<u>872,809</u>
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Net Position - October 1, 2014	<u>\$ (37,674,504)</u>
Net Position - September 30, 2015	<u>\$ (36,801,695)</u>

*See accompanying notes to financial statements.*

**Durbin Crossing Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2015**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 224,106	\$ -	\$ 141,057	\$ 365,163
Investments, at fair value	267,888	-	-	267,888
Due from other funds	793	-	-	793
Assessments receivable	9,879	62,106	-	71,985
Prepaid items	30,626	-	-	30,626
Restricted assets				
Investments, at fair value	-	2,255,147	99,130	2,354,277
Total Assets	<u>\$ 533,292</u>	<u>\$ 2,317,253</u>	<u>\$ 240,187</u>	<u>\$ 3,090,732</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 78,122	\$ -	\$ 3,715	\$ 81,837
Due to other funds	-	-	793	793
Unearned revenues	1,515	3,710	-	5,225
Matured interest payable	-	93,975	-	93,975
Total Liabilities	<u>79,637</u>	<u>97,685</u>	<u>4,508</u>	<u>181,830</u>
 <b>FUND BALANCES</b>				
<b>Nonspendable</b>				
Prepaid items	30,626	-	-	30,626
<b>Restricted</b>				
Debt service	-	2,219,568	-	2,219,568
Capital projects	-	-	235,679	235,679
Unassigned	<u>423,029</u>	<u>-</u>	<u>-</u>	<u>423,029</u>
Total Fund Balances	<u>453,655</u>	<u>2,219,568</u>	<u>235,679</u>	<u>2,908,902</u>
Total Liabilities and Fund Balances	<u>\$ 533,292</u>	<u>\$ 2,317,253</u>	<u>\$ 240,187</u>	<u>\$ 3,090,732</u>

See accompanying notes to financial statements.

**Durbin Crossing Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2015**

Total Governmental Fund Balances	\$ 2,908,902
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets being depreciated, buildings, \$6,741,826, improvements other than buildings, \$4,530,436 and equipment, \$20,677 net of accumulated depreciation, \$(2,803,911) used in governmental activities are not financial resources and are not reported in the funds statements	8,489,028
Long-term liabilities, such as bonds payable, are not due and payable in the current period and therefore, are not reported in the funds statements.	(47,200,000)
Accrued interest expense for long-term debt is not a financial use, and therefore, is not reported at the funds statement level.	<u>(999,625)</u>
Net Position of Governmental Activities	<u><u>\$ (36,801,695)</u></u>

*See accompanying notes to financial statements.*

**Durbin Crossing Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED September 30, 2015**

	General	Debt Service	Capital Projects	Totals Governmental Funds
Revenues				
Special assessments	\$ 1,561,806	\$ 4,074,948	\$ -	\$ 5,636,754
Miscellaneous	22,997	-	50,000	72,997
Investment earnings	158	717	-	875
Total Revenues	<u>1,584,961</u>	<u>4,075,665</u>	<u>50,000</u>	<u>5,710,626</u>
Expenditures				
Current				
General government	250,053	-	-	250,053
Physical environment	746,822	-	29,916	776,738
Culture/recreation	455,210	-	-	455,210
Capital Outlay	-	-	38,507	38,507
Debt service				
Principal	-	3,815,000	-	3,815,000
Interest	-	2,720,034	-	2,720,034
Other debt service costs	-	433,327	-	433,327
Total Expenditures	<u>1,452,085</u>	<u>6,968,361</u>	<u>68,423</u>	<u>8,488,869</u>
Revenues over/(under) expenditures	<u>132,876</u>	<u>(2,892,696)</u>	<u>(18,423)</u>	<u>(2,778,243)</u>
Other Financing Sources/(Uses)				
Transfers in	37,148	1,508	114,298	152,954
Transfers out	<u>(114,298)</u>	<u>(36,217)</u>	<u>(2,439)</u>	<u>(152,954)</u>
Total other financing sources/(uses)	<u>(77,150)</u>	<u>(34,709)</u>	<u>111,859</u>	<u>-</u>
Net change in fund balances	55,726	(2,927,405)	93,436	(2,778,243)
Fund Balances - October 1, 2014	<u>397,929</u>	<u>5,146,973</u>	<u>142,243</u>	<u>5,687,145</u>
Fund Balances - September 30, 2015	<u>\$ 453,655</u>	<u>\$ 2,219,568</u>	<u>\$ 235,679</u>	<u>\$ 2,908,902</u>

See accompanying notes to financial statements.

**Durbin Crossing Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED September 30, 2015**

Net Change in Fund Balances - Total Governmental Funds	\$ (2,778,243)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures, however in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount that depreciation \$(369,946) exceeded capital outlay, \$38,507 in the current period.	(331,439)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	3,815,000
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In the statement of activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net amount between the prior year and the current year accruals.	<u>167,491</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 872,809</u></u>
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*See accompanying notes to financial statements.*

**Durbin Crossing Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**For the Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Special assessments	\$1,508,869	\$ 1,551,928	\$ 1,561,806	\$ 9,878
Miscellaneous	7,550	22,997	22,997	-
Investment earnings	100	158	158	-
Total Revenues	<u>1,516,519</u>	<u>1,575,083</u>	<u>1,584,961</u>	<u>9,878</u>
Expenditures				
Current				
General government	159,597	246,785	250,053	(3,268)
Physical environment	861,633	902,739	746,822	155,917
Culture/recreation	495,289	462,709	455,210	7,499
Total Expenditures	<u>1,516,519</u>	<u>1,612,233</u>	<u>1,452,085</u>	<u>160,148</u>
Revenues over/(under) expenditures	<u>-</u>	<u>(37,150)</u>	<u>132,876</u>	<u>(170,026)</u>
Other Financing Sources/(Uses)				
Transfers in	-	37,150	37,148	(2)
Transfers out	<u>-</u>	<u>-</u>	<u>(114,298)</u>	<u>(114,298)</u>
Total other financing sources/(uses)	<u>-</u>	<u>37,150</u>	<u>(77,150)</u>	<u>(114,300)</u>
Net change in fund balances	-	-	55,726	55,726
Fund Balances - October 1, 2014	<u>-</u>	<u>-</u>	<u>397,929</u>	<u>397,929</u>
Fund Balances - September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 453,655</u>	<u>\$ 453,655</u>

See accompanying notes to financial statements.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Durbin Crossing Community Development District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**1. Reporting Entity**

The District was established on November 5, 2003 by Rule 42MM-1 by the Florida Land and Water Adjudicatory Commission, under the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is governed by a five-member Board of Supervisors, who are elected by the qualified electors within the District for terms of four years. The District operates within the criteria established by Chapter 190. The Board has the responsibility for allocating and levying assessments, approving budgets, exercising control over facilities and properties, controlling the use of funds generated by the District, approving the hiring and firing of key personnel, and financing improvements.

The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, designation of management, significant ability to influence operations and accountability for fiscal matters. As required by GAAP, these financial statements present the Durbin Crossing Community Development District (the primary government) as a stand-alone government.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified one component unit. The component unit is Durbin Crossings CDD Holdings, LLC (Holdings). The District entered into a tri-party agreement in October 2013 between the Trustee, Holdings and the District that specified that among other things Holdings would acquire land for the benefit of the District and the bondholders. During the year Holdings acquired certain land within the District, which is subject to the special assessments levied by the District. Holdings did not provide the District with any financial activity for the current year, and therefore, the component unit is not reflected in the financial statements as a stand-alone component unit.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments and interest. Program revenues include charges for services, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

The District has implemented the Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – This classification includes amounts that can be spent only for specific purposes stipulated by the state constitution, external resource providers, or through enabling legislation.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Unassigned Fund Balance** – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Fund Balance Spending Hierarchy** - For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund - The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation (Continued)**

**a. Governmental Major Funds (Continued)**

Debt Service Fund - Accounts for debt service requirements to retire certain capital improvement revenue bonds which were used to finance the construction of District infrastructure improvements and finance certain additional improvements. The bond series is secured by a pledge of debt service special assessment revenues in any fiscal year related to the improvements. A lien is placed on all benefited land in relationship to the debt outstanding.

Capital Projects Fund - The Capital Project Fund accounts for construction of infrastructure improvements within the boundaries of the district, which is funded by bond proceeds. A lien is placed on all benefited land in relationship to the debt outstanding.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as special assessment bonds, be reported in the governmental activities column in the government-wide statement of net position.

**4. Assets, Liabilities and Net Position or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities and Net Position or Equity (Continued)**

**a. Cash and Investments (Continued)**

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash equivalents include time deposits and certificates of deposit with original maturities of three months or less and held in a qualified public depository as defined by Florida Statute 280.02.

**b. Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances”.

**c. Restricted Assets**

Certain assets of the District and a corresponding liability or portion of net position is classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

**d. Capital Assets**

Capital assets, which include land and infrastructure, are reported in the applicable governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities and Net Position or Equity (Continued)**

**d. Capital Assets (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	30 years
Improvements other than buildings	10 - 30 years
Equipment	5-7 years

**e. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget variance columns of the accompanying financial statements may occur.

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

“Total fund balances” of the District’s governmental funds, \$2,908,902, differs from “net position” of governmental activities \$(36,880,007) reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

**Durbin Crossing Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)**

**Capital related items**

When capital assets (building improvements and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the District as a whole.

Buildings	\$ 6,741,826
Improvements other than buildings	4,530,436
Equipment	20,677
Accumulated depreciation	<u>(2,803,911)</u>
Total	<u>\$ 8,489,028</u>

**Long-term debt transactions**

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2015 were:

Bonds payable	<u>\$ (47,200,000)</u>
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**Accrued interest**

Accrued liabilities in the statement of net position differ from the amount reported in governmental funds due to accrued interest on bonds.

Accrued interest on bonds payable	<u>\$ ( 999,625)</u>
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**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds \$(2,778,243) differs from the “change in net position” for governmental activities \$794,497 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation charged for the year.

Capital Outlay	\$ 38,507
Depreciation	<u>(369,946)</u>
	<u>\$ (331,439)</u>

**Long-term debt transactions**

Repayments of bond principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Debt principal payments	<u>\$ 3,815,000</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	<u>\$ 167,491</u>
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**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE C - CASH AND INVESTMENTS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2015, the District's bank balance was \$366,182 and carrying value was \$365,163. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2015, the District had the following investments and maturities:

Investment	Maturities	Fair Value
First American Prime Obligation Fund CI Z	N/A	\$1,882,842
Institutional Money Market Prime Money Market Portfolio Class III	N/A	739,323
Total Investments		<u>\$2,622,165</u>

Interest Rate Risk

The District 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.

Credit Risk

The District's investments in government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2015, the District's investment in the Institutional Money Market Prime Money Market Portfolio Class III and the First American Prime Obligation Fund were rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investment in the Institutional Money Market Prime Money Market Portfolio Class III is 72% of the District's total investments and the First American Obligation Fund Class Z is 28%.

The types of deposits and investments and their level of risk exposure as of September 30, 2015 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE D – SPECIAL ASSESSMENT REVENUES**

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the bond documents.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

**NOTE E – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2015 was as follows:

	Balance October 1, 2014	Additions	Deletions	Balance September, 30 2015
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Buildings	\$ 6,741,826	\$ -	\$ -	\$ 6,741,826
Improvements other than buildings	4,491,929	38,507	-	4,530,436
Equipment	20,677	-	-	20,677
Total Capital Assets Depreciated	<u>11,254,432</u>	<u>38,507</u>	<u>-</u>	<u>11,292,939</u>
Less accumulated depreciation for:				
Buildings	(1,444,549)	(216,688)	-	(1,661,237)
Improvements other than buildings	(979,710)	(146,396)	-	(1,126,106)
Equipment	(9,706)	(6,862)	-	(16,568)
Total Accumulated Depreciation	<u>(2,433,965)</u>	<u>(369,946)</u>	<u>-</u>	<u>(2,803,911)</u>
Governmental Activities Capital Assets	<u>\$ 8,820,467</u>	<u>\$ (331,439)</u>	<u>\$ -</u>	<u>\$ 8,489,028</u>

Depreciation of \$153,258 was charged to physical environment and \$216,688 was charged to culture/recreation.

**Durbin Crossing Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE F - LONG-TERM DEBT**

The following is a summary of activity for long-term debt of the District for the year ended September 30, 2015:

Long-term debt at October 1, 2014	\$ 51,015,000
Principal payments	<u>(3,815,000)</u>
Long-term debt at September 30, 2015	<u>\$ 47,200,000</u>

District debt is comprised of the following at September 30, 2015:

\$54,995,000 Series 2005 Special Assessment Bonds, Series 2005A Bonds due in annual principal installments beginning May 2008 and maturing in May 2037.

In November 2006 the District issued \$11,365,000 Series 2006-1 Special Assessment Bonds with an interest rate of 5.25% Principal is due November 1, 2020, however the District has made certain prepayments. The District has not made certain interest payments and the amount of matured interest not paid is reflected as matured interest payable in the accompanying financial statements.

Series 2006-1	<u>\$ 3,580,000</u>
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Subsequent to year end, the District entered into a forbearance agreement with the trustee and the developer for the period November 1, 2015 through October 31, 2017 and extended the final maturity date of the Series 2006-1 Bonds.

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2015 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,060,000	\$ 2,399,100	\$ 3,459,100
2017	1,120,000	2,340,800	3,460,800
2018	1,180,000	2,467,150	3,647,150
2019	1,245,000	2,402,250	3,647,250
2020-2024	10,960,000	10,243,250	21,203,250
2025-2029	9,710,000	7,689,825	17,399,825
2030-2034	12,790,000	4,699,475	17,489,475
2035-2037	<u>9,135,000</u>	<u>1,001,275</u>	<u>10,136,275</u>
Totals	<u>\$ 47,200,000</u>	<u>\$ 33,243,125</u>	<u>\$ 80,443,125</u>

**Durbin Crossing Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE F - LONG-TERM DEBT (CONTINUED)**

Summary of Significant Bonds Resolution Terms and Covenants

The District levies special assessments pursuant to Section 190.022, Florida Statutes and the assessment rolls are approved by resolutions of the District Board. The collections are to be strictly accounted for and applied to the debt service of the bond series for which they were levied. The District covenants to levy special assessments in annual amounts adequate to provide for payment of principal and interest on the bonds. Payment of principal and interest is dependent on the money available in the debt service fund and the District's ability to collect special assessments levied.

The bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date, or in part on an interest payment date, without premium, together with accrued interest to the redemption date if monies are available to retire the debt in accordance with the provisions of the indenture.

The bond resolution and the trust indenture provide for the establishment of certain accounts. The accounts include a construction, revenue, redemption, reserve, interest and prepayment account and are maintained by a trustee.

The bond indenture provides for Debt Service Reserve Funds, which shall be held by the Trustee separate and apart from all other funds. The following is a schedule of reserve requirements and balances in the reserve accounts at September 30, 2015:

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2005	\$ 887,681	\$ 500,000
Series 2006	\$ 43,689	\$ 93,946

**NOTE G – MANAGEMENT COMPANY**

The District has contracted with a management company to perform services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE H – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

**NOTE I – SUBSEQUENT EVENT**

The Tri-Party Agreement entered in October 2013 between the District, US Bank National Association and Durbin Crossing CDD Holding, Inc. was terminated as a result of DR Horton acquiring the GMAC parcel and a two year forbearance agreement.

In January 2016, the District extended the maturity of the Series 2006-1 Special Assessment Bonds.



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**INDEPENDENT AUDITOR'S 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 Board of Supervisors  
Durbin Crossing Community Development District  
St. Johns County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of Durbin Crossing Community Development District as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Durbin Crossing Community Development District's basic financial statements, and have issued our report thereon dated May 25, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Durbin Crossing Community Development District's internal control over financial reporting (internal control) to determine the audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Durbin Crossing Community Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Durbin Crossing Community Development District'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 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.

To the Board of Supervisors  
Durbin Crossing Community Development District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Durbin Crossing Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Finding 2011-01**

The District was not in compliance with certain provisions of the 2006-1 Bond Indentures in that the District did not maintain the required reserve requirement. Reserve funds were utilized in a prior year to make certain debt service payments at the request of the bondholders.

#### **Response**

The District continues to try to maintain adequate reserves as required.

We noted certain matters that we reported to management of the District in a separate letter date May 25, 2016.

#### **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.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 25, 2016



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**MANAGEMENT LETTER**

To the Board of Supervisors  
Durbin Crossing Community Development District  
St. Johns County, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Durbin Crossing Community Development District as of and for the year ended September 30, 2015, and have issued our report thereon dated May 25, 2016.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Florida Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditor's 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* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, Section 601 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated May 25, 2016, should be considered in conjunction with this Management Letter.

**Prior Year Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. The current year status of the findings noted in the prior audit are as follows

**Prior Audit Findings**

**FINDING 2012-01**

The District failed to make the required debt service payments on the Series 2006-1 Bonds.

**Current Status:** The District had entered into a forbearance agreement with the SPE as approved by the Trustee and the bondholders.

**Management Response:** In January 2016, the SPE was terminated as a result of a new developer acquiring a parcel of land. The District also agreed to a two year forbearance agreement and NSO agree to extend the maturity date of the Series 2006-1 Bonds.

To the Board of Supervisors  
Durbin Crossing Community Development District

### **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not Durbin Crossing Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Durbin Crossing Community Development District did meet one of the conditions described in Section 218.503(1), Florida Statutes. See Finding 2012-01.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures. It is management's responsibility to monitor the Durbin Crossing Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Durbin Crossing Community Development District for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

### **Other Matters**

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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, other than noted on page 32 and above, we have no additional findings.

To the Board of Supervisors  
Durbin Crossing Community Development District

**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, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 25, 2016



Berger, Toombs, Elam,  
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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors  
Durbin Crossing Community Development District  
St. Johns County, Florida

We have examined Durbin Crossing Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2015. Management is responsible for Durbin Crossing Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Durbin Crossing Community Development District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Durbin Crossing Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Durbin Crossing Community Development District's compliance with the specified requirements.

In our opinion, Durbin Crossing Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2015.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 25, 2016