

**Durbin Crossing Community  
Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2016**

**Durbin Crossing Community Development District**

**ANNUAL FINANCIAL REPORT**

Fiscal Year Ended September 30, 2016

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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, 2016, 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  
- 1 -

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, Durbin Crossing CDD Holdings, Inc. 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, 2016, 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, 2016, 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, 2016, 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.

To the Board of Supervisors  
Durbin Crossing Community Development District

**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 June 19, 2017 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.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

June 19, 2017

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

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, 2016. 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, 2016**

**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, 2016.

- ◆ The District's total assets were exceeded by total liabilities by \$(32,418,868) (net position). Unrestricted net position for Governmental Activities was \$(29,940,491). Net investment in capital assets was \$(3,192,477) Governmental activities restricted net position was \$714,100 .
- ◆ Governmental activities revenues totaled \$8,889,805 while governmental activities expenses totaled \$4,506,978.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**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>2016</b>	<b>2015</b>
Current assets	\$ 1,087,035	\$ 735,662
Restricted assets	2,637,850	2,354,277
Capital assets	8,152,847	8,489,028
Total Assets	11,877,732	11,578,967
Current liabilities	2,226,600	2,240,662
Non-current liabilities	42,070,000	46,140,000
Total Liabilities	44,296,600	48,380,662
Net Position		
Net investment in capital assets	(3,192,477)	(2,803,911)
Restricted	714,100	861,676
Unrestricted	(29,940,491)	(34,859,460)
Total Net Position	\$ (32,418,868)	\$ (36,801,695)

The increase in current assets is related to the funds received for the access easement not yet expended as of September 30, 2016.

The increase in restricted assets is primarily related to the transfer of funds from the General Fund to the Capital Projects Fund for capital reserve funding.

The decrease in capital assets is current year depreciation in excess of current year capital asset additions.

The decrease in non-current liabilities was due to the principal payments on the bonds in the current year.

The decrease in net investment in capital assets is related to current year depreciation in excess of current year capital additions.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**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**

	<u>2016</u>	<u>2015</u>
Program Revenues		
Charges for services	\$ 7,687,855	\$ 4,986,365
Operating grants and contributions	554,570	650,389
General Revenues		
Investment earnings	9,434	875
Miscellaneous	312,946	72,997
Gain on cancellation of debt	325,000	-
Total Revenues	<u>8,889,805</u>	<u>5,710,626</u>
Expenses		
General government	251,904	250,053
Physical environment	886,483	929,996
Culture/recreation	750,263	671,898
Interest on long-term debt	2,618,328	2,985,870
Total Expenses	<u>4,506,978</u>	<u>4,837,817</u>
Change in Net Position	4,382,827	872,809
Net Position - Beginning of Year	<u>(36,801,695)</u>	<u>(37,674,504)</u>
Net Position - End of Year	<u>\$ (32,418,868)</u>	<u>\$ (36,801,695)</u>

The increase in charges for services is the result of the increase in prepayments received.

The increase in miscellaneous revenue was related to the sale of property to be used as an access roadway.

The gain on cancellation of debt was related to the adjustment to the Series 2006-1 bonds.

The increase in culture and recreation was related to the hiring of additional staff for the amenity center.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**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, 2016 and 2015.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Buildings	\$ 6,741,826	\$ 6,741,826
Improvements other than buildings	4,576,436	4,530,436
Equipment	27,062	20,677
Accumulated depreciation	<u>(3,192,477)</u>	<u>(2,803,911)</u>
Total Capital Assets (Net)	<u>\$ 8,152,847</u>	<u>\$ 8,489,028</u>

The activity for the year consisted of additions of \$46,000 to improvements other than buildings, \$6,385 to equipment and \$388,566 in depreciation.

**General Fund Budgetary Highlights**

Actual expenditures, excluding interfund transfers, did not exceed budgeted expenditures; however, the unbudgeted interfund transfer to the capital projects fund resulted in the total actual expenditures exceeding budgeted amounts.

There were no budget amendments in the current fiscal year.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In October 2005, the District issued \$54,995,000 Series 2005A 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, 2016, the Series 2005A Bonds outstanding were \$40,820,000.
- ◆ 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, 2016 were \$2,310,000.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**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 2017 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, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 318,248
Investments	593,021
Prepaid expenses	30,924
Due from other governments	36,733
Assessments receivable	108,109
Total Current Assets	1,087,035
Non-current Assets	
Restricted assets	
Investments	2,637,850
Capital assets	
Assets being depreciated	
Buildings	6,741,826
Improvements other than buildings	4,576,436
Equipment	27,062
Less: accumulated depreciation	(3,192,477)
Total Non-current Assets	10,790,697
Total Assets	11,877,732
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	72,165
Unearned revenues	108,445
Accrued interest	985,990
Bonds payable - current portion	1,060,000
Total Current Liabilities	2,226,600
Non-current liabilities	
Bonds payable	42,070,000
Total Liabilities	44,296,600
<b>NET POSITION</b>	
Net investment in capital assets	(3,192,477)
Restricted for debt service	398,165
Restricted for capital projects	315,935
Unrestricted	(29,940,491)
Total Net Position	\$ (32,418,868)

*See accompanying notes to financial statements.*

**Durbin Crossing Community Development District**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED September 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General government	\$ (251,904)	\$ 208,440	\$ -	\$ (43,464)
Physical environment	(886,483)	733,525	-	(152,958)
Culture/recreation	(750,263)	620,810	-	(129,453)
Interest on long-term debt	(2,618,328)	6,125,080	554,570	4,061,322
Total Governmental Activities	<u>\$ (4,506,978)</u>	<u>\$ 7,687,855</u>	<u>\$ 554,570</u>	<u>3,735,447</u>
<b>General revenues:</b>				
				9,434
				312,946
				<u>322,380</u>
				325,000
				<u>4,382,827</u>
				(36,801,695)
				<u>\$ (32,418,868)</u>

See accompanying notes to financial statements.

**Durbin Crossing Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2016**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 228,930	\$ -	\$ 89,318	\$ 318,248
Investments, at fair value	593,021	-	-	593,021
Due from other funds	-	108,445	-	108,445
Assessments receivable	-	108,109	-	108,109
Prepaid items	30,924	-	-	30,924
Due from other governments	11,312	25,421	-	36,733
Restricted assets				
Investments, at fair value	-	2,411,233	226,617	2,637,850
<b>Total Assets</b>	<u>\$ 864,187</u>	<u>\$ 2,653,208</u>	<u>\$ 315,935</u>	<u>\$ 3,833,330</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 72,165	\$ -	\$ -	\$ 72,165
Due to other funds	108,445	-	-	108,445
Unearned revenues	-	108,445	-	108,445
<b>Total Liabilities</b>	<u>180,610</u>	<u>108,445</u>	<u>-</u>	<u>289,055</u>
 <b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	30,924	-	-	30,924
Restricted				
Debt service	-	2,544,763	-	2,544,763
Capital projects	-	-	315,935	315,935
Unassigned	652,653	-	-	652,653
<b>Total Fund Balances</b>	<u>683,577</u>	<u>2,544,763</u>	<u>315,935</u>	<u>3,544,275</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 864,187</u>	<u>\$ 2,653,208</u>	<u>\$ 315,935</u>	<u>\$ 3,833,330</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, 2016**

Total Governmental Fund Balances	\$ 3,544,275
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, \$4,576,436 and equipment, \$27,062 net of accumulated depreciation, \$(3,192,477) used in governmental activities are not financial resources and are not reported in the funds statements	8,152,847
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.	(43,130,000)
Accrued interest expense for long-term debt is not a financial use, and therefore, is not reported at the funds statement level.	<u>(985,990)</u>
Net Position of Governmental Activities	<u><u>\$ (32,418,868)</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, 2016**

	General	Debt Service	Capital Projects	Totals Governmental Funds
Revenues				
Special assessments	\$ 1,562,775	\$ 6,125,080	\$ -	\$ 7,687,855
Impact fees	-	554,570	-	554,570
Miscellaneous	262,946	-	50,000	312,946
Investment earnings	1,693	7,508	233	9,434
Total Revenues	<u>1,827,414</u>	<u>6,687,158</u>	<u>50,233</u>	<u>8,564,805</u>
Expenditures				
Current				
General government	251,904	-	-	251,904
Physical environment	671,414	-	51,231	722,645
Culture/recreation	525,535	-	-	525,535
Capital Outlay	6,385	-	46,000	52,385
Debt service				
Principal	-	4,070,000	-	4,070,000
Interest	-	2,577,281	-	2,577,281
Other debt service costs	-	54,682	-	54,682
Total Expenditures	<u>1,455,238</u>	<u>6,701,963</u>	<u>97,231</u>	<u>8,254,432</u>
Revenues over/(under) expenditures	<u>372,176</u>	<u>(14,805)</u>	<u>(46,998)</u>	<u>310,373</u>
Other Financing Sources/(Uses)				
Gain on cancellation of debt	-	325,000	-	325,000
Transfers in	-	15,000	127,254	142,254
Transfers out	<u>(142,254)</u>	<u>-</u>	<u>-</u>	<u>(142,254)</u>
Total other financing sources/(uses)	<u>(142,254)</u>	<u>340,000</u>	<u>127,254</u>	<u>325,000</u>
Net change in fund balances	229,922	325,195	80,256	635,373
Fund Balances - October 1, 2015	<u>453,655</u>	<u>2,219,568</u>	<u>235,679</u>	<u>2,908,902</u>
Fund Balances - September 30, 2016	<u><u>\$ 683,577</u></u>	<u><u>\$ 2,544,763</u></u>	<u><u>\$ 315,935</u></u>	<u><u>\$ 3,544,275</u></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, 2016**

Net Change in Fund Balances - Total Governmental Funds	\$	635,373
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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 \$(388,566) exceeded capital outlay, \$52,385 in the current period.		(336,181)
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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.		4,070,000
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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.		13,635
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Change in Net Position of Governmental Activities	\$	<u>4,382,827</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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Special assessments	\$ 1,508,674	\$ 1,508,674	\$ 1,562,775	\$ 54,101
Miscellaneous	12,800	12,800	262,946	250,146
Investment earnings	100	100	1,693	1,593
Total Revenues	<u>1,521,574</u>	<u>1,521,574</u>	<u>1,827,414</u>	<u>305,840</u>
Expenditures				
Current				
General government	198,312	198,312	251,904	(53,592)
Physical environment	797,877	797,877	671,414	126,463
Culture/recreation	525,385	525,385	525,535	(150)
Capital outlay	-	-	6,385	(6,385)
Total Expenditures	<u>1,521,574</u>	<u>1,521,574</u>	<u>1,455,238</u>	<u>66,336</u>
Revenues over/(under) expenditures	<u>-</u>	<u>-</u>	<u>372,176</u>	<u>(372,176)</u>
Other Financing Sources/(Uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(142,254)</u>	<u>(142,254)</u>
Net change in fund balances	-	-	229,922	229,922
Fund Balances - October 1, 2015	<u>-</u>	<u>-</u>	<u>453,655</u>	<u>453,655</u>
Fund Balances - September 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683,577</u>	<u>\$ 683,577</u>

See accompanying notes to financial statements.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**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 is 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, 2016**

**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, 2016**

**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, 2016**

**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, 2016**

**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 are 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, 2016**

**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, 2016**

**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, 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, \$3,544,275, differs from “net position” of governmental activities \$(32,418,868) 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 on the next page.

**Durbin Crossing Community Development District  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2016**

**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	4,576,436
Equipment	27,062
Accumulated depreciation	<u>(3,192,477)</u>
Total	<u>\$ 8,152,847</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, 2016 were:

Bonds payable	<u>\$ (43,130,000)</u>
---------------	------------------------

**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>\$ (985,990)</u>
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**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**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 \$635,373 differs from the “change in net position” for governmental activities \$4,382,827 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	\$ 52,385
Depreciation	(388,566)
	\$ (336,181)

**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>4,070,000</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>13,635</u>
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**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**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, 2016, the District's bank balance was \$318,451 and carrying value was \$318,248. 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, 2016, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
First American Treasury Obligation Fund Class Z	25 days *	\$ 226,617
US Bank Money Market Fund	N/A	<u>3,004,254</u>
Total Investments		<u><u>\$3,230,871</u></u>

\* Weighted Average Maturity

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that use the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the investments in First American Treasury Obligation Fund Class Z are Level 1 assets.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE C - CASH AND INVESTMENTS (CONTINUED)**

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, 2016, the District's investment in the US Bank Money Market Fund and the First American Treasury Obligation Fund Class Z 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 US Bank Money Market Fund is 93% of the District's total investments and the First American Treasury Obligation Fund Class Z is 7%.

The types of deposits and investments and their level of risk exposure as of September 30, 2016 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.

**NOTE D – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015	Additions	Deletions	Balance September, 30 2016
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Buildings	\$ 6,741,826	\$ -	\$ -	\$ 6,741,826
Improvements other than buildings	4,530,436	46,000	-	4,576,436
Equipment	20,677	6,385	-	27,062
Total Capital Assets Depreciated	<u>11,292,939</u>	<u>52,385</u>	<u>-</u>	<u>11,345,324</u>
Less accumulated depreciation for:				
Buildings	(1,661,237)	(224,728)	-	(1,885,965)
Improvements other than buildings	(1,126,106)	(159,588)	-	(1,285,694)
Equipment	(16,568)	(4,250)	-	(20,818)
Total Accumulated Depreciation	<u>(2,803,911)</u>	<u>(388,566)</u>	<u>-</u>	<u>(3,192,477)</u>
Governmental Activities Capital Assets	<u>\$ 8,489,028</u>	<u>\$ (336,181)</u>	<u>\$ -</u>	<u>\$ 8,152,847</u>

Depreciation of \$163,838 was charged to physical environment and \$224,728 was charged to culture and recreation.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE E - LONG-TERM DEBT**

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

Long-term debt at October 1, 2015	\$ 47,200,000
Principal payments	<u>(4,070,000)</u>
Long-term debt at September 30, 2016	<u>\$ 43,130,000</u>

District debt is comprised of the following at September 30, 2016:

\$54,995,000 Series 2005 Special Assessment Bonds, Series 2005A Bonds with an interest rate of 5.50%, due in annual principal installments beginning May 2008 and maturing in May 2037.

Series 2005A	<u>\$ 40,820,000</u>
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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.

Series 2006-1	<u>\$ 2,310,000</u>
---------------	---------------------

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2016 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,060,000	\$ 2,366,375	\$ 3,426,375
2018	1,120,000	2,308,075	3,428,075
2019	1,185,000	2,246,475	3,431,475
2020	1,250,000	2,181,300	3,431,300
2021	3,635,000	2,051,913	5,686,913
2022-2026	7,820,000	8,779,375	16,599,375
2027-2031	10,305,000	6,370,375	16,675,375
2032-2036	13,565,000	3,197,150	16,762,150
2037	3,190,000	175,450	3,365,450
Totals	<u>\$ 43,130,000</u>	<u>\$ 29,676,488</u>	<u>\$ 72,806,488</u>

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE E - 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, 2016:

	Reserve Balance	Reserve Requirement
Series 2005	\$ 1,231,230	\$ 11,000
Series 2006	\$ 19,768	\$ 60,608

Subsequent to year end, these bonds were refunded with the issuance of Series 2017A-1 and 2017A-2 Special Assessments Refunding Bonds of \$37,825,000 and \$4,585,000, respectively, both maturing May 2037.

**NOTE F – 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.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE F – SPECIAL ASSESSMENT REVENUES (CONTINUED)**

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 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.

**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**

In March 2017, the Series 2005A and 2006-1 bonds were refunded with the issuance of Special Assessment Refunding Bonds, Series 2017A-1 and 2017A-2 of \$37,825,000 and \$4,580,000, respectively.

In addition, in March 2017, the District filed a lawsuit against the Trustee, to recover approximately \$1.2 million of interest that was forgiven by the bondholders, per the estoppel letter dated December 10, 2015. The estoppel letter was authorized for release by the Trustee's attorney on December 14, 2015, however, the forgiven past due interest was paid to the bondholders on December 16, 2015.



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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, 2016, 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 June 19, 2017.

**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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Finding 2011-01 / 2015-01

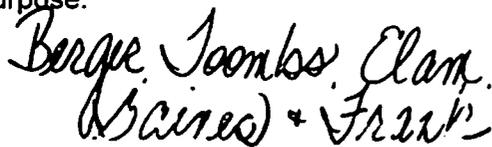
The District continues to not be in compliance with certain provisions of the 2006-1 Bond Indentures in that the District did not maintain the required reserve requirement. Reserve funds were utilized in a prior year to make certain debt service payments at the request of the bondholders.

### Response

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

### 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

June 19, 2017



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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, 2016, and have issued our report thereon dated June 19, 2017.

**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 June 19, 2017, 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 determine whether or not corrective action have been taken to address findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except for the finding included on page 32.

To the Board of Supervisors  
Durbin Crossing Community Development District

### **Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require 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 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 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. and 10.556(7), 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, 2016, 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, 2016. 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, we noted the following:

#### **Finding 2016-01**

The total expenditures and transfers out for the General Fund exceeded the final approved budget for the fiscal year ended September 30, 2016.

*Response:* The over-expenditure of the General Fund budget related to the interfund transfer to the Capital Project Fund for capital reserves, which was not included in the budget. We will review the budget at year end in the future to ensure that there are no budget over expenditures.

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

June 19, 2017



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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, 2016. 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, 2016.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

June 19, 2017