

**Durbin Crossing Community  
Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2014**

**Durbin Crossing Community Development District**

**ANNUAL FINANCIAL REPORT**

Fiscal Year Ended September 30, 2014

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# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue

Suite 200

Fort Pierce, Florida 34950

772/461-6120 // 461-1155

FAX: 772/468-9278

## 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, 2014, 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.

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 Units	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 June 29, 2015 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

### **Opinion on the Aggregate Remaining Fund Information**

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, 2014, 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, 2014, 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, 2014, 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*

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

June 29, 2015

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2014**

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, 2014. 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, 2014**

**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, 2014.

- ◆ The District's total assets were exceeded by total liabilities by \$(37,674,504) (net position). Unrestricted net position for Governmental Activities was \$(38,061,499). net investment in capital assets, was \$(2,433,965). Governmental activities restricted net position was \$2,820,960.
- ◆ Governmental activities revenues totaled \$7,815,947 while governmental activities expenses totaled \$6,619,482.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2014**

**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>2014</b>	<b>2013</b>
Current assets	\$ 872,846	\$ 1,715,545
Restricted assets	5,403,375	4,660,751
Capital assets	8,820,467	9,155,457
Total Assets	<u>15,096,688</u>	<u>15,531,753</u>
Current liabilities	5,161,192	2,501,033
Non-current liabilities	47,610,000	51,760,000
Total Liabilities	<u>52,771,192</u>	<u>54,261,033</u>
Deferred Inflows	-	141,689
Net Position		
Net investment in capital assets	(2,433,965)	9,155,457
Restricted	2,820,960	1,479,068
Unrestricted	<u>(38,061,499)</u>	<u>(49,505,494)</u>
Total Net Position	<u><u>\$(37,674,504)</u></u>	<u><u>\$(38,870,969)</u></u>

The decrease in total assets was primarily due to depreciation.

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

The decrease in net investment in capital assets is related to the reclassification of related debt.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2014**

**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>2014</b>	<b>2013</b>
Program Revenues		
Charges for services	\$ 7,802,590	\$ 7,828,885 *
General Revenues		
Investment earnings	983	9,547
Miscellaneous	12,374	-
Total Revenues	<u>7,815,947</u>	<u>7,838,432</u>
Expenses		
General government	234,649	336,952
Physical environment	895,733	1,088,590
Culture/recreation	661,831	428,562
Interest on long-term debt	4,827,269	2,995,330
Total Expenses	<u>6,619,482</u>	<u>4,849,434</u>
Change in Net Position	1,196,465	2,988,998
Net Position - Beginning of Year	<u>(38,870,969)</u>	<u>(41,859,967)</u>
Net Position - End of Year	<u>\$ (37,674,504)</u>	<u>\$ (38,870,969)</u>

\*Restated

The increase in charges for services and the decrease in contributions are the result of contributions were not needed as assessments increased.

The increase in culture recreation and the decrease in general government was primarily due to the reclassification of expenses.

The increase in interest on long-term debt was primarily due to making the required payments during the current year.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2014**

**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, 2014 and 2013.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Buildings	\$ 6,741,826	\$ 6,741,826
Improvements other than buildings	4,491,929	4,455,982
Equipment	20,677	12,877
Accumulated depreciation	<u>(2,433,965)</u>	<u>(2,055,228)</u>
Total Capital Assets (Net)	<u>\$ 8,820,467</u>	<u>\$ 9,155,457</u>

The activity for the year consisted of additions of \$43,747 to improvements other than buildings and equipment and \$378,737 in depreciation.

**General Fund Budgetary Highlights**

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

There were no amendments to the September 30, 2014 budget.

**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, 2014, the Series 2005A Bonds outstanding were \$45,985,000 and the Series 2005B-2 Bonds outstanding were \$105,000.
- ◆ 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, 2014 were \$5,880,000.

**Durbin Crossing Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2014**

**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 2014/15 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, 2014**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 509,765
Prepaid expenses	30,507
Assessments receivable	332,011
Other receivables	563
Total Current Assets	872,846
Non-current Assets	
Restricted assets	
Investments	5,403,375
Capital assets	
Assets being depreciated	
Buildings	6,741,826
Improvements other than buildings	4,491,929
Equipment	20,677
Less: accumulated depreciation	(2,433,965)
Total Non-current Assets	14,223,842
Total Assets	15,096,688
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	110,553
Unearned revenues	6,810
Accrued interest	1,167,116
Bonds payable - current portion	3,405,000
Matured interest payable	471,713
Total Current Liabilities	5,161,192
Non-current liabilities	
Bonds payable	47,610,000
Total Liabilities	52,771,192
<b>NET POSITION</b>	
Net investment in capital assets	(2,433,965)
Restricted for debt service	2,678,717
Restricted for capital projects	142,243
Unrestricted	(38,061,499)
Total Net Position	\$ (37,674,504)

*See accompanying notes to financial statements.*

**Durbin Crossing Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Position Governmental Activities</u>
Governmental Activities			
General government	\$ (234,649)	\$ 199,577	\$ (35,072)
Physical environment	(895,733)	761,850	(133,883)
Culture/recreation	(661,831)	562,909	(98,922)
Interest on long-term debt	(4,827,269)	6,278,254	1,450,985
Total Governmental Activities	<u>\$ (6,619,482)</u>	<u>\$ 7,802,590</u>	<u>1,183,108</u>

**General revenues:**

Investment earnings	983
Miscellaneous revenues	12,374
Total General Revenues	<u>13,357</u>

Change in Net Position 1,196,465

Net Position - October 1, 2013	<u>(38,870,969)</u>
Net Position - September 30, 2014	<u>\$ (37,674,504)</u>

*See accompanying notes to financial statements.*

**Durbin Crossing Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2014**

ASSETS	General	Debt Service	Capital Projects	Total Governmental Funds
Cash	\$ 453,855	\$ -	\$ 55,910	\$ 509,765
Due from other funds	-	929	-	929
Other receivables	563	-	-	563
Assessments receivable	11,831	320,180	-	332,011
Prepaid items	30,507	-	-	30,507
Restricted assets				
Investments, at fair value	-	5,301,806	101,569	5,403,375
Total Assets	\$ 496,756	\$ 5,622,915	\$ 157,479	\$ 6,277,150
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 95,317	\$ -	\$ 15,236	\$ 110,553
Due to other funds	929	-	-	929
Unearned revenues	2,581	4,229	-	6,810
Matured interest payable	-	471,713	-	471,713
Total Liabilities	98,827	475,942	15,236	590,005
<b>FUND BALANCES</b>				
Nonspendable				
Deposits	30,507	-	-	30,507
Restricted				
Debt service	-	5,146,973	-	5,146,973
Capital projects	-	-	142,243	142,243
Assigned-operating reserve	279,730	-	-	279,730
Unassigned	87,692	-	-	87,692
Total Fund Balances	397,929	5,146,973	142,243	5,687,145
Total Liabilities and Fund Balances	\$ 496,756	\$ 5,622,915	\$ 157,479	\$ 6,277,150

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, 2014**

Total Governmental Fund Balances	\$ 5,687,145
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, \$4,491,929 and equipment, \$20,677 net of accumulated depreciation, \$(2,433,965) used in governmental activities are not financial resources and are not reported in the funds statements	8,820,467
Long-term liabilities, such as bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(51,015,000)
Accrued interest expense for long-term debt is not a financial use, and therefore, is not reported in the funds.	<u>(1,167,116)</u>
Net Position of Governmental Activities	<u><u>\$ (37,674,504)</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, 2014**

	General	Debt Service	Capital Projects	Totals Governmental Funds
<b>Revenues</b>				
Special assessments	\$ 1,524,336	\$ 6,278,254	\$ -	\$ 7,802,590
Miscellaneous	12,374	-	-	12,374
Investment earnings	99	883	1	983
<b>Total Revenues</b>	<u>1,536,809</u>	<u>6,279,137</u>	<u>1</u>	<u>7,815,947</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	234,649	-	-	234,649
Physical environment	718,742	-	22,982	741,724
Culture/recreation	437,103	-	-	437,103
Capital Outlay	-	-	43,747	43,747
<b>Debt service</b>				
Principal	-	1,740,000	-	1,740,000
Interest	-	2,880,767	-	2,880,767
Other debt service costs	-	1,984,558	-	1,984,558
<b>Total Expenditures</b>	<u>1,390,494</u>	<u>6,605,325</u>	<u>66,729</u>	<u>8,062,548</u>
Revenues over/(under) expenditures	146,315	(326,188)	(66,728)	(246,601)
<b>Other Financing Sources/(Uses)</b>				
Transfers in	150,000	-	113,065	263,065
Transfers out	(113,065)	(150,000)	-	(263,065)
<b>Total other financing sources/(uses)</b>	<u>36,935</u>	<u>(150,000)</u>	<u>113,065</u>	<u>-</u>
Net change in fund balances	183,250	(476,188)	46,337	(246,601)
Fund Balances - October 1, 2013	<u>214,679</u>	<u>5,623,161</u>	<u>95,906</u>	<u>5,933,746</u>
Fund Balances - September 30, 2014	<u><u>\$ 397,929</u></u>	<u><u>\$ 5,146,973</u></u>	<u><u>\$ 142,243</u></u>	<u><u>\$ 5,687,145</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, 2014**

Net Change in Fund Balances - Total Governmental Funds	\$ (246,601)
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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 \$(378,737) exceeded capital outlay, \$43,747 in the current period.	(334,990)
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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.	1,740,000
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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>38,056</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 1,196,465</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Special assessments	\$ 1,509,569	\$ 1,509,569	\$ 1,524,336	\$ 14,767
Miscellaneous	7,000	7,000	12,374	5,374
Investment earnings	300	300	99	(201)
Total Revenues	<u>1,516,869</u>	<u>1,516,869</u>	<u>1,536,809</u>	<u>19,940</u>
Expenditures				
Current				
General government	190,965	190,965	234,649	(43,684)
Physical environment	841,478	841,478	718,742	122,736
Culture/recreation	484,426	484,426	437,103	47,323
Total Expenditures	<u>1,516,869</u>	<u>1,516,869</u>	<u>1,390,494</u>	<u>126,375</u>
Revenues over/(under) expenditures	<u>-</u>	<u>-</u>	<u>146,315</u>	<u>(146,315)</u>
Other Financing Sources/(Uses)				
Transfers in	-	-	150,000	150,000
Transfers out	-	-	(113,065)	(113,065)
Total other financing sources/(uses)	-	-	36,935	36,935
Net change in fund balances	-	-	183,250	183,250
Fund Balances - October 1, 2013	<u>-</u>	<u>-</u>	<u>214,679</u>	<u>214,679</u>
Fund Balances - September 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,929</u>	<u>\$ 397,929</u>

*See accompanying notes to financial statements.*

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**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, 2014**

**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 an other 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, 2014**

**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, 2014**

**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 an other 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, 2014**

**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, 2014**

**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, 2014**

**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, \$5,687,145, differs from “net position” of governmental activities \$(37,674,504) 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, 2014**

**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	4,491,929
Equipment	20,677
Accumulated depreciation	<u>(2,433,965)</u>
Total	<u>\$ 8,820,467</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, 2014 were:

Bonds payable	<u>\$ (51,015,000)</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>\$ (1,167,116)</u>
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**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**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 \$(246,601) differs from the “change in net position” for governmental activities \$1,196,465 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	\$ 43,747
Depreciation expense	<u>(378,737)</u>
	<u>\$ (334,990)</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>1,740,000</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>38,056</u>
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**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**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, 2014, the District's bank balance was \$364,519 and carrying value was \$357,943. 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, 2014, the District had the following investments and maturities:

Investment	Maturities	Fair Value
First American Prime Obligation Fund CI Z	N/A	\$2,661,256
Institutional Money Market Prime Money Market Portfolio Class III	N/A	\$2,893,942

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, 2014, 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 52% of the District's total investments and the First American Obligation Fund Class Z is 48%.

The types of deposits and investments and their level of risk exposure as of September 30, 2014 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, 2014**

**NOTE D – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2013-2014 fiscal year were levied in October 2013. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

The Developer owns a significant portion of land within the District; therefore, assessment revenues in the general include the assessments levied on those lots owned by the Developer.

**NOTE E – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2014 was as follows:

	Balance October 1, 2013	Additions	Deletions	Balance September, 30 2014
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Buildings	\$ 6,741,826	\$ -	\$ -	\$ 6,741,826
Improvements other than buildings	4,455,982	35,947	-	4,491,929
Equipment	12,877	7,800	-	20,677
Total Capital Assets Depreciated	<u>11,210,685</u>	<u>43,747</u>	<u>-</u>	<u>11,254,432</u>
Less accumulated depreciation for:				
Buildings	(1,219,821)	(224,728)	-	(1,444,549)
Improvements other than buildings	(827,413)	(152,297)	-	(979,710)
Equipment	(7,994)	(1,712)	-	(9,706)
Total Accumulated Depreciation	<u>(2,055,228)</u>	<u>(378,737)</u>	<u>-</u>	<u>(2,433,965)</u>
Governmental Activities Capital Assets	<u>\$ 9,155,457</u>	<u>\$ (334,990)</u>	<u>\$ -</u>	<u>\$ 8,820,467</u>

Depreciation of \$154,009 was charged to physical environment and \$224,728 was charged to culture/recreation.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**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, 2014:

Long-term debt at October 1, 2013	\$ 52,755,000
Principal payments	<u>(1,740,000)</u>
	<u>\$ 51,015,000</u>

District debt is comprised of the following at September 30, 2014

\$54,995,000 Series 2005 Special Assessment Bonds, consisting of Series 2005A, Series 2005B-1 Series 2006-1 and 2006-2 Bonds due in annual principal installments beginning May 2008, maturing in May 2037.

The Series 2005B-2 bonds were paid in full in November 2010. The District negotiated an extension on the 2005B-2 bonds, which are now due November 1, 2015 and the interest rate is now 6.83%.

Series 2005A.	\$ 45,030,000
Series 2005B-2	<u>105,000</u>
Total Series 2005	<u>\$ 45,135,000</u>

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 in full November 1, 2015, 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>\$ 5,880,000</u>
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The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2014 are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,405,000	\$ 2,728,561	\$ 6,133,561
2016	4,640,000	2,576,000	7,216,000
2017	1,120,000	2,363,350	3,483,350
2018	1,180,000	2,301,750	3,481,750
2019	1,245,000	2,236,850	3,481,850
2020-2024	7,380,000	10,074,075	17,454,075
2025-2029	9,710,000	7,802,575	17,512,575
2030-2034	12,790,000	4,812,225	17,602,225
2035-2037	<u>9,545,000</u>	<u>1,068,925</u>	<u>10,613,925</u>
Totals	<u>\$ 51,015,000</u>	<u>\$ 35,964,311</u>	<u>\$ 86,979,311</u>

**Durbin Crossing Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014**

**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, 2014:

	Reserve Balance	Reserve Requirement
Series 2005	\$ 1,219,904	\$ 3,044,181
Series 2006	\$ 81,236	\$ 154,321

**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.

**Durbin Crossing Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**NOTE I - Subsequent Events**

In October 2014 the District agreed, for \$250,000, to allow a developer access to certain District property to construct a road to their development which is not located within the District. The contract is in the due diligence phase.

In December 2014 the 2005 Series bond reserve was lowered to \$500,000.



**Berger, Toombs, Elam,  
Gaines & Frank**

Certified Public Accountants PL  
600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**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, 2014, 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 29, 2015.

**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.

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*.

### **Prior Year Finding 2011-01**

The District was not in compliance with certain provisions of the 2005 and 2006-1 Bond Indentures in that the District did not maintain the required reserve requirement.

### **Response**

The District continues to try to maintain adequate reserves as required. Subsequent to year end the reserve requirement on the Series 2005 Bonds was lowered to \$500,000.

We noted certain matters that we reported to management of the District in a separate letter date June 29, 2015.

### **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*

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

June 29, 2015



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL  
600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## 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, 2014, and have issued our report thereon dated June 29, 2015.

### 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 29, 2015, should be considered in conjunction with this Management Letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we 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.

### FINDING 2012-01

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

Current Status: The District did not make the required interest payments during the current year.

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 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., 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, 2014, 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, 2014. 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.

### **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 29, 2015



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL  
600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**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, 2014. 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, 2014.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

June 29, 2015