DURBIN CROSSING COMMUNITY DEVELOPMENT DISTRICT

FINANCIAL REPORT
Year Ended September 30, 2017

MCDIRMIT DAVIS
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

DURBIN CROSSING COMMUNITY DEVELOPMENT DISTRICT

TABLE OF CONTENTS

Year Ended September 30, 2017

	Page
I. Financial Section:	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	12
Notes to Financial Statements	13
II. Compliance Section:	
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*	27
Management Comments and Response	29
Independent Auditor's Report on Compliance with the Requirements of Section 218.415, Florida Statutes	32

MCDIRMIT DAVIS
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Durbin Crossing Community Development District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the *Durbin Crossing Community Development District* (the "District"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the *Durbin Crossing Community Development District* as of September 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year ended September 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a report dated June 27, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McDirmit Davis & Company, LLC

Orlando, Florida
June 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the *Durbin Crossing Community Development District* (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2017. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

Financial Highlights

- The liabilities of the District exceeded its assets at September 30, 2017 by $32,738,592, a decrease of $319,724 in comparison with the prior year.
- At September 30, 2017, the District's governmental funds reported a combined fund balance of $3,709,315, an increase of $165,040 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the *Durbin Crossing Community Development District's* financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include general government, physical environment and culture/recreation related functions.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: Governmental Funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Statement of Net Position - The District's net position was $(32,738,592) at September 30, 2017. The following analysis focuses on the net position of the District's governmental activities.

Government-Wide Financial Analysis (Continued):

Durbin Crossing Community Development District
Statement of Net Position

	September 30, 2017	September 30, 2016
Assets, excluding capital assets	$ 3,808,475	$ 3,724,885
Capital Assets, net of depreciation	7,820,452	8,152,847
Total assets	11,628,927	11,877,732
Liabilities, excluding long-term liabilities	775,838	2,226,600
Long-term Liabilities	43,591,681	42,070,000
Total liabilities	44,367,519	44,296,600
Net Position:		
Net investment in capital assets	(3,986,553)	(3,192,477)
Restricted for capital projects	591,607	315,935
Restricted for debt service	2,181,030	398,165
Unrestricted	(31,524,676)	(29,940,491)
Total net position	$ (32,738,592)	$ (32,418,868)

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2017 and 2016.

Changes in Net Position
Year ended September 30,

	2017	2016
Revenues:		
Program revenues	$ 5,745,408	$ 8,242,425
General revenues	12,550	647,380
Total revenues	5,757,958	8,889,805
Expenses:		
General government	2,306,548	251,904
Physical environment	1,019,333	886,483
Culture/recreation	765,961	750,263
Interest on long-term debt	1,985,840	2,618,328
Total expenses	6,077,682	4,506,978
Change in net position	(319,724)	4,382,827
Net position - beginning of year	(32,418,868)	(36,801,695)
Net position - ending	$ (32,738,592)	$ (32,418,868)

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2017 was $6,077,682. The majority of these costs are comprised of general government and interest on long-term debt expenses.

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2017, the District's governmental funds reported combined ending fund balances of $3,709,315. Of this total, $31,010 is nonspendable and $228,990 is unassigned and available for spending at the District's discretion. The remainder of the fund balance $3,449,315 is restricted to pay debt service and capital project costs.

The fund balance of the general fund decreased $423,577 due to an increase in expenditures. The debt service fund balance increased by $312,945 due to the issuance of bonds. The capital projects fund balance increased $275,672 due to an increase in transfers in.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the September 30, 2017 general fund budget. The legal level of budgetary control is at the fund level.

Capital Asset and Debt Administration

Capital Assets - At September 30, 2017, the District had $7,820,452 invested in infrastructure, net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt - At September 30, 2017, the District had $43,591,681 in bonds outstanding. More detailed information about the District's capital debt is presented in the notes to the financial statements.

Requests for Information

If you have questions about this report or need additional financial information, contact the *Durbin Crossing Community Development District's* Finance Department at 475 West Town Place, Suite 114, St. Augustine, Florida 32092.

FINANCIAL STATEMENTS

DURBIN CROSSING COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

September 30, 2017

	Governmental Activities
Assets:	
Cash	$ 458,983
Investments	232,049
Assessments receivable	28,586
Prepaid costs	31,010
Restricted assets:	
Temporarily restricted investments	3,057,847
Capital assets:	
Capital assets being depreciated, net	7,820,452
Total assets	11,628,927
Liabilities:	
Accounts payable and accrued expenses	99,160
Accrued interest payable	676,678
Noncurrent liabilities:	
Due within one year	1,545,000
Due in more than one year	42,046,681
Total liabilities	44,367,519
Net Position:	
Net investment in capital assets	(3,986,553)
Restricted for:	
Capital projects	591,607
Debt Service	2,181,030
Unrestricted	(31,524,676)
Total net position	$ (32,738,592)

The accompanying Notes to Financial Statements are an integral part of this statement.

DURBIN CROSSING COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
General government	$ 2,306,548	$ 881,460	$ -	$ -	$ (1,425,088)
Physical environment	1,019,333	389,544	-	-	(629,789)
Culture/recreation	765,961	295,420	-	-	(470,541)
Interest on long-term debt	1,985,840	4,173,063	4,766	1,155	2,193,144
Total governmental activities	$ 6,077,682	$ 5,739,487	$ 4,766	$ 1,155	(332,274)
General Revenues:					
Investment income					1,118
Miscellaneous income					11,432
Total general revenues					12,550
Change in net position					(319,724)
Net Position - beginning					(32,418,868)
Net Position - ending					$ (32,738,592)

The accompanying Notes to Financial Statements are an integral part of this statement.

DURBIN CROSSING COMMUNITY DEVELOPMENT DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2017

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets:				
Cash	$ 84,805	$ -	$ 374,178	$ 458,983
Investments	232,049	2,830,075	227,772	3,289,896
Assessments receivable	953	27,633	-	28,586
Prepaid costs	31,010	-	-	31,010
Total assets	$ 348,817	$ 2,857,708	$ 601,950	$ 3,808,475
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	$ 88,817	$ -	$ 10,343	$ 99,160
Total liabilities	88,817	-	10,343	99,160
Fund Balances:				
Nonspendable	31,010	-	-	31,010
Restricted for:				
Debt service	-	2,857,708	-	2,857,708
Capital projects	-	-	591,607	591,607
Unassigned	228,990	-	-	228,990
Total fund balances	260,000	2,857,708	591,607	3,709,315
Total liabilities and fund balances	$ 348,817	$ 2,857,708	$ 601,950	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,820,452
Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.		
Accrued interest payable	(676,678)	
Bonds payable	(43,591,681)	(44,268,359)
Net Position of Governmental Activities		$ (32,738,592)

The accompanying Notes to Financial Statements are an integral part of this statement.

DURBIN CROSSING COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year Ended September 30, 2017

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues:				
Special assessments	$ 1,563,720	$ 3,450,056	$ -	$ 5,013,776
Assessments-Prepayments	-	723,007	-	723,007
Investment income	1,118	4,766	1,155	7,039
Miscellaneous	14,136	-	-	14,136
Total revenues	1,578,974	4,177,829	1,155	5,757,958
Expenditures:				
Current:				
General government	267,516	-	-	267,516
Physical environment	810,936	-	32,738	843,674
Culture/recreation	541,233	-	-	541,233
Debt service:				
Interest	-	2,281,934	-	2,281,934
Principal	-	41,560,000	-	41,560,000
Other debt service costs	-	2,039,032	-	2,039,032
Capital outlay	-	-	67,992	67,992
Total expenditures	1,619,685	45,880,966	100,730	47,601,381
Excess (Deficit) of Revenues Over Expenditures	(40,711)	(41,703,137)	(99,575)	(41,843,423)
Other Financing Sources (Uses):				
Bonds issued	-	42,405,000	-	42,405,000
Bond discount	-	(396,537)	-	(396,537)
Transfers in	-	7,619	375,247	382,866
Transfers out	(382,866)	-	-	(382,866)
Total other financing sources (uses)	(382,866)	42,016,082	375,247	42,008,463
Net change in fund balances	(423,577)	312,945	275,672	165,040
Fund Balances - beginning of year	683,577	2,544,763	315,935	3,544,275
Fund Balances - end of year	$ 260,000	$ 2,857,708	$ 591,607	$ 3,709,315

The accompanying Notes to Financial Statements are an integral part of this statement.

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

Year Ended September 30, 2017

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - total Governmental Funds (page 10)		$ 165,040
Depreciation on capital assets is not recognized in the governmental fund statement; however, it is reported as an expense in the statement of activities.		(400,387)
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources; however, in the statement of net position the cost is recorded as capital assets.		67,992
Bond proceeds provide current financial resources to governmental funds, while it increases long-term liabilities in the statement of net position. Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.		
Bonds issued	(42,008,463)	
Principal payments	41,560,000	(448,463)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest	$ 309,312	
Amortization of bond discount	(13,218)	296,094
Change in Net Position of Governmental Activities (page 8)		$ (319,724)

The accompanying Notes to Financial Statements are an integral part of this statement.

DURBIN CROSSING COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	$ 1,549,974	$ 1,549,974	$ 1,563,720	$ 13,746
Investment Income	500	500	1,118	618
Miscellaneous Income	12,800	12,800	14,136	1,336
Total revenues	1,563,274	1,563,274	1,578,974	15,700
Expenditures:				
Current:				
General government	194,303	194,303	267,516	(73,213)
Physical environment	844,484	844,484	810,936	33,548
Culture/recreation	524,487	524,487	541,233	(16,746)
Total expenditures	1,563,274	1,563,274	1,619,685	(56,411)
Excess (Deficit) of Revenues Over Expenditures	-	-	(40,711)	(40,711)
Other Financing Sources (Uses):				
Transfers Out	-	-	(382,866)	(382,866)
Net change in fund balance	-	-	(423,577)	(423,577)
Fund Balance - beginning	683,577	683,577	683,577	-
Fund Balance - ending	$ 683,577	$ 683,577	$ 260,000	$ (423,577)

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

Durbin Crossing Community Development District, (the "District") was established on November 5, 2003 by Rule 42MM-1 by the Florida Land and Water Adjudicatory Commission, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides, among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and the power to levy and collect non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors (the "Board"), which is composed of five members. At present, the Supervisors are elected by qualified electors within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for, among other things:

1. Allocating and levying assessments.

2. Approving budgets.

3. Exercising control over facilities and properties.

4. Controlling the use of funds generated by the District.

5. Approving the hiring and firing of key personnel.

6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements 14, 39 and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

Note 1 - Summary of Significant Accounting Policies (Continued):

Government-Wide and Fund Financial Statements

The financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants, contributions and investment income that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough 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 are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. These assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District. Certain debt service assessments are collected prior to a certificate of occupancy being issued and are used to prepay a portion of the bonds outstanding.

Note 1 - Summary of Significant Accounting Policies (Continued):

Measurement Focus, Basis of Accounting and Financial Statement Presentation (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. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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.

Debt Service Fund - accounts for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Fund - accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Restricted Assets - These assets represent cash and investments set aside pursuant to bond covenants.

Deposits and Investments - The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The District's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued):

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., utilities system, stormwater system, landscaping and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30
Improvements other than buildings	10-30
Equipment	5-7

Long Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued):

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2017.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2017.

Net Position Flow Assumption - Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions - Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies - Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Note 1 - Summary of Significant Accounting Policies (Continued):

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):

Fund Balance Policies (Continued):

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above an additional action is essential to either remove or revise a commitment.

Other Disclosures

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance and Accountability:

Budgetary Information

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Each year the District Manager submits to the District Board proposed budgets for the fiscal year commencing the following October 1.
2. A public hearing is conducted to obtain public comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. Subject to certain limited exceptions set forth in the District's appropriation resolutions adopted each year, all budget changes must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Note 2 - Stewardship, Compliance and Accountability (Continued):

Budgetary Information (Continued)

A. Excess Expenditures Over Appropriations

The general fund had expenditures in excess of appropriations of $439,277 primarily due to the District not budgeting for transfers out.

Note 3 - Deposits and Investments:

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

District categorizes its fair value measurements within the fair value hierarchy 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.

Under GASB 72, 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 uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

The District has the following recurring fair value measurements as of September 30, 2017:

- Money market mutual funds of $3,289,896 are valued using Level 2 inputs.

Note 3 - Deposits and Investments (Continued):

Investments

The District's investment policy is governed by State Statutes and the District Trust Indenture. This policy allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized investments are:

1. The State Board of Administration Local Government Investment Pool (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing savings accounts and certificates of deposit in state-certified qualified public depositories;
4. Direct obligations of the U.S. Treasury.

Investments made by the District at September 30, 2017 are summarized below. In accordance with GASB 31, investments are reported at fair value.

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity
US Bank Money Market Fund	$ 3,062,124	N/A	N/A
First American Treasury Obligation Fund Class V	227,772	AAAm	32 days
	$ 3,289,896		

Credit Risk:

The District's investment policy limits credit risk by restricting authorized investments to those described. Investments in U.S. Government securities and agencies must be backed by the full faith and credit of the United States Government. Short term bond funds shall be rated by a nationally recognized ratings agency and shall maintain the highest credit quality rating.

Custodial Credit Risk:

In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2017, all of the District's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2017, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Note 3 - Deposits and Investments (Continued):

Investments (Continued):

Concentration of Credit Risk:

The District's investment policy does not specify limits on the amount the District may invest in any one issuer.

Interest Rate Risk:

The District's investment policy does not specifically address interest rate risk; however, the general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of less than three months.

Note 4 - Interfund Receivables, Payables and Transfers:

Interfund transfers for the year ended September 30, 2017 are as follows:

	Transfers In		
Transfers Out:	Debt Service	Capital Projects	Total
General	$ 7,619	$ 375,247	$ 382,866

Transfers from the general fund and capital projects fund was for capital outlay. Transfers from the general fund to the debt service fund was in accordance with the Trust Indenture.

Note 5 - Capital Assets:

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings	6,741,826	-	-	6,741,826
Improvements other than buildings	4,576,436	50,835	-	4,627,271
Equipment	27,062	17,157	-	44,219
Total capital assets, being depreciated	11,345,324	67,992	-	11,413,316
Less Accumulated Depreciation for:				
Buildings	(1,885,965)	(224,728)	-	(2,110,693)
Improvements other than buildings	(1,285,694)	(170,859)	-	(1,456,553)
Equipment	(20,818)	(4,800)	-	(25,618)
Total accumulated depreciation	(3,192,477)	(400,387)	-	(3,592,864)
Total capital assets being depreciated, net	8,152,847	(332,395)	-	7,820,452
Governmental activities capital assets, net	$ 8,152,847	$ (332,395)	$ -	$ 7,820,452

Depreciation expense for 2017 in the amount of $175,659 was charged to maintenance and operations and $224,728 was charged to culture/recreation. District improvements are substantially complete.

Note 6 - Long-Term Liabilities:

Special Assessment Bonds, Series 2005A

In October 2005, the District issued $54,995,000 of Special Assessment Bonds, Series 2005A. The 2005A Bonds are due May 1, 2037 with a fixed interest rate of 5.5%. The Bonds were issued to finance construction of certain improvements for the benefit of the property within the District. Interest is paid semiannually on each May 1 and November 1. Principal on the Series 2005A Bonds is to be paid serially, commencing May 1, 2008.

Note 6 - Long-Term Liabilities (Continued):

Special Assessment Bonds, Series 2005A (Continued)

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. This requirement has been met at September 30, 2017.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. Payment of principal and interest on the 2005A Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is in compliance with the requirements of the Bond Indenture.

The Series 2005A Bonds were paid off during the fiscal year ended September 30, 2017. For the year ended September 30, 2017, principal and interest paid was $42,790,179 and total special assessment revenue pledged was $3,453,097.

Current Refunding of Bonds Payable

The District issued Special Assessment Revenue Refunding and Improvement Bonds, Series 2017 to refund the Special Assessment Bonds, Series 2005A and pay issuance costs. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of $3,381,704 and a reduction of $6,471,093 in future debt service payments.

Special Assessment Bonds, Series 2006-1

In November 2006, the District issued $11,365,000 of Special Assessment Bonds, Series 2006-1. The 2006-1 Bonds are due November 1, 2020 with a fixed interest rate of 5.25%. The Bonds were issued to finance construction of certain improvements for the benefit of the property within the District. Interest is paid semiannually on each May 1 and November 1. Principal on the Series 2006-1 Bonds are due on November 1, 2020; however, the District has made certain prepayments.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. This requirement has been met at September 30, 2017.

Note 6 - Long-Term Liabilities (Continued):

Special Assessment Bonds, Series 2006-1 (Continued)

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. Payment of principal and interest on the 2006-1 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is in compliance with the requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2006-1 Bonds at September 30, 2017 is $1,905,838. For the year ended September 30, 2017, principal and interest paid was $815,041 and total special assessment revenue pledged was $719,966.

Special Assessment Revenue Refunding and Improvement Bonds, Series 2017

In February 2017, the District issued $42,405,000 of Special Assessment Refunding Bonds, Series 2017, consisting of $21,445,000 Senior Special Assessment Refunding Bonds, Series 2017A-1 Serial Bonds (due from May 2018 through May 2030 with an interest rate ranging from 2.0% to 3.5%), $16,380,000 Senior Special Assessment Refunding Bonds, Series 2017A-1 Term Bonds (due from May 2032 through May 2037 with an interest rate ranging from 3.75% to 5.0%) and $4,580,000 Subordinate Special Assessment Refunding Bonds, Series 2017A-2 Term Bonds (due May 2037 with an interest rate ranging from 5.0% to 6.25%). The Bonds were issued to refund the Series 2005A Bonds and pay certain issuance costs. Interest is paid semiannually on each May 1 and November 1. Principal on the Series 2017 Bonds is to be paid, commencing November 1, 2018.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. This requirement has been met at September 30, 2017.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. Payment of principal and interest on the 2017 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is in compliance with the requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2017 Bonds at September 30, 2017 is $62,274,922. For the year ended September 30, 2017, principal and interest paid was $236,714. There was no special assessment revenue pledged in the current year.

Note 6 - Long-Term Liabilities (Continued):

Long-term debt activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Series 2005A	$ 40,820,000	$ -	$ (40,820,000)	$ -	$ -
Series 2006-1	2,310,000	-	(700,000)	1,610,000	-
Series 2017	-	42,405,000	(40,000)	42,365,000	1,545,000
Discount	-	(396,537)	13,218	(383,319)	-
Governmental activity long-term liabilities	$ 43,130,000	$ 42,008,463	$ (41,546,782)	$ 43,591,681	$ 1,545,000

At September 30, 2017, the scheduled debt service requirements on the bonds payable were as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2018	$ 1,545,000	$ 1,820,740
2019	1,580,000	1,588,788
2020	1,620,000	1,552,700
2021	3,265,000	1,473,188
2022	1,700,000	1,390,944
2023 - 2027	9,315,000	6,179,031
2028 - 2032	11,155,000	4,421,881
2033 - 2037	13,795,000	1,778,488
	$ 43,975,000	$ 20,205,760

Note 7 - Related Party Transaction:

Assessments from Significant Landowners

Significant landowners own a portion of land within the District; therefore, assessment revenue in the general and debt service funds include the assessments levied on those lots owned by the significant landowners. The significant landowner's portion of special assessment revenue for the year ended September 30, 2017 totaled approximately $1,431,000, which is 25% of total special assessment revenue. There were no amounts due from the significant landowners at year end.

Concentrations

A significant portion of the District's activity is dependent upon the continued involvement of the significant landowners, the loss of which could have a material adverse effect on the District's operations.

Note 8 - Management Company:

The District has contracted with a management company to perform management advisory services, which include financial advisory and accounting services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting and other administrative costs.

Note 9 - 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. These risks are covered by commercial insurance from independent third parties. The District has not filed any claims under this commercial coverage during the last three years.

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIALREPORTING 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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the *Durbin Crossing Community Development District* (the "District") as of and for the year ended September 30, 2017, which collectively comprise the District's financial statements and have issued our report thereon dated June 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Appendix A to this report.

We noted certain other matters that we reported to management of the District in a separate letter dated June 27, 2018. The District's response to our findings identified in our audit is included in this report. We did not audit the District's responses, and accordingly, we express no opinion on them.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDirmit Davis & Company, LLC

Orlando, Florida
June 27, 2018

MANAGEMENT COMMENTS

Board of Supervisors
Durbin Crossing Community Development District

We have audited the financial statements of the *Durbin Crossing Community Development District* (the "District"), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 27, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 27, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i.)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2015-16 FY Finding #	2014-2015 FY Finding #
17-01	2015-01	2011-01

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that the 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 condition assessment procedures for the District. It is management's responsibility to monitor the *District's* financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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.

McDirmit Davis & Company, LLC

Orlando, Florida
June 27, 2018

DURBIN CROSSING COMMUNITY DEVELOPMENT DISTRICT

APPENDIX A - COMPLIANCE VIOLATIONS OF LAWS, REGULATIONS AND CONTRACTURAL PROVISIONS

Year Ended September 30, 2017

17-01 - Failure to Meet Debt Service Reserve Account Requirement

Criteria
The Trust Indenture requires the District to maintain a minimum balance in the Series 2006 Debt Service Reserve Account.

Condition
At September 30, 2017, the Series 2006 Debt Service Reserve Account was deficient.

Cause
The funds in the Series 2006 Debt Service Reserve Account were used to pay debt service payments.

Effect
The District is not in compliance with the Trust Indenture.

Recommendation
We recommend the District utilize all remedies available to replenish the Debt Service Reserve Accounts.

Management Response
The means for replenishing the Debt Service Reserve Account is detailed in the applicable trust indenture and does not require the District to utilize all remedies available to replenish. The Reserve Account exist for the benefit of the bondholders and neither the bondholders or the Trustee have requested the District to replenish the Reserve Account. In addition, the Trustee has declared the Series 2006-1 Bonds in default and has been further depleting the Reserve Account by utilizing these funds for the payment of bond default related cost.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES

To the Board of Supervisors
Durbin Crossing Community Development District

We have examined *Durbin Crossing Community Development District's* (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on 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 the* standards applicable to attestation engagements contained in *Government Auditing Standards issued by the Comptroller General of the United States,* and, accordingly, included examining, on a test basis, evidence about the 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 the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

McDirmit Davis & Company, LLC

Orlando, Florida
June 27, 2018