

**PARKER ROAD  
COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**

**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Parker Road Community Development District  
Alachua County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Parker Road Community Development District, Alachua County, Florida (the "District") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

### 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 opinions 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 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 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 District as of September 30, 2015, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 7 and other notes the District did not have sufficient funds to make certain scheduled debt service payments and as a result, the payments were not made. The District's failures to make its scheduled debt service payments when they are due are considered events of default. It should also be noted that the District was able to repay some amounts due to the Bondholders in the current year as a result of receiving revenue at the time of certain lot sales. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 our report dated October 3, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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 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.

### **Report on Other Legal and Regulatory Requirements**

We have also issued our report dated October 3, 2016, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

October 3, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Parker Road Community Development District, Alachua County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net position deficit balance of (\$1,312,823).
- The change in the District's total net position in comparison with the prior fiscal year was \$2,127,545, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2015, the District's governmental funds reported combined ending fund balances of (\$8,495,491), a decrease of (\$9,272,902) in comparison with the prior fiscal year. A portion of fund balance is non-spendable for prepaid items and deposits, assigned to subsequent year's expenditures, \$37,910 is unassigned general fund balance, (\$8,444,015) is unassigned deficit debt service fund balance, and (\$175,473) is unassigned deficit capital projects fund balance.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### 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 the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being 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 assessments and Developer contributions. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance 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: the governmental funds.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### 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 District'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 funds 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 the 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

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the fiscal year ended September 30, 2015.

Key components of the District's Net Position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2015	2014
Current and other assets	\$ 1,443,303	\$ 3,664,657
Capital assets, net of depreciation	16,562,219	13,190,923
Total assets	<u>18,005,522</u>	<u>16,855,580</u>
Current liabilities	10,281,000	3,265,948
Long-term liabilities	9,037,345	17,030,000
Total liabilities	<u>19,318,345</u>	<u>20,295,948</u>
Net position		
Net investment in capital assets	(10,685,455)	(3,839,077)
Restricted	-	1,946,279
Unrestricted	9,372,632	(1,547,570)
Total net position	<u>\$ (1,312,823)</u>	<u>\$ (3,440,368)</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

The District's net position increased during the most recent fiscal year. The majority of the increase is the result of the receipt of assessments at the time of certain lot sales.

Key elements of the change net position are reflected in the following table:

CHANGES IN NET POSITION		
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2015	2014
Revenues:		
Program revenues		
Charges for services	\$ 3,180,281	\$ 631,881
Operating grants and contributions	2,285	109
Capital grants and contributions	28,069	4,961
Total revenues	<u>3,210,635</u>	<u>636,951</u>
Expenses:		
General government	69,155	61,608
Maintenance and operations	117,637	12,154
Interest	896,298	950,079
Total expenses	<u>1,083,090</u>	<u>1,023,841</u>
Change in net position	2,127,545	(386,890)
Net position - beginning	(3,440,368)	(3,053,478)
Net position - ending	<u>\$ (1,312,823)</u>	<u>\$ (3,440,368)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2015 was \$1,083,090. The costs of the District's activities were funded by program revenues. Program revenues are comprised primarily of assessments. Revenues increased due to the receipt of assessments at lot closings.

## GENERAL BUDGETING 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. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2015.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2015, the District had \$16,562,219 invested in improvements and infrastructure. No depreciation has been taken in the government-wide financial statements as a portion of the District's infrastructure has not been completed or placed in service and another portion was placed into service at the end of fiscal year 2015. More detailed information about the District's capital assets is presented in the notes of the financial statements.

## CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

### Capital Debt

At September 30, 2015, the District had \$14,945,000 in Bonds outstanding and \$757,345 due to the Developer. More detailed information about the District's capital debt is presented in the notes of the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

Subsequent to fiscal year end, the District did not have sufficient funds to make certain scheduled debt service payments. However, the District was able to repay some amounts due to the Bondholders subsequent to year end as a result of receiving revenue at the time of certain lot sales.

For the subsequent fiscal year, the District anticipates that the cost of general operations will increase significantly mainly as a result of increases in field expenses and amenity expenses.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Parker Road Community Development District's Finance Department at 12051 Corporate Boulevard, Orlando, FL 32817.



**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 252,913
Due from Developer	313,285
Assessments receivable	316,277
Prepaid items and deposits	11,087
Restricted assets:	
Investments	547,829
Accrued interest receivable	1,912
Capital assets:	
Nondepreciable	4,259,545
Depreciable, net	12,302,674
Total assets	18,005,522
<b>LIABILITIES</b>	
Accounts payable	138,621
Contracts and retainage payable	653,086
Accrued interest payable	342,206
Unearned revenue	11,411
Due to Bondholders:	
Principal	6,665,000
Interest	2,470,676
Non-current liabilities:	
Bonds due within one year*	190,000
Bonds due in more than one year	8,090,000
Due to Developer	757,345
Total liabilities	19,318,345
<b>NET POSITION</b>	
Net investment in capital assets	(10,685,455)
Unrestricted	9,372,632
Total net position	\$ (1,312,823)

\* The missed debt service payments due for the Series 2007 Bonds are reflected in the due to Bondholder Principal account balance

See notes to the financial statements

**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 69,155	\$ 69,155	\$ -	\$ -	-
Maintenance and operations	117,637	197,195	-	28,069	107,627
Interest on long-term debt	896,298	2,913,931	2,285	-	2,019,918
Total governmental activities	1,083,090	3,180,281	2,285	28,069	2,127,545
					2,127,545
					Net position - beginning (3,440,368)
					Net position - ending \$ (1,312,823)

See notes to the financial statements

**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
<b>ASSETS</b>				
Cash	\$ 252,913	\$ -	\$ -	\$ 252,913
Investments	-	383,526	164,303	547,829
Accrued interest receivable	1,819	68	25	1,912
Due from Developer	-	-	313,285	313,285
Assessments receivable	-	316,277	-	316,277
Prepaid items and deposits	11,087	-	-	11,087
Total assets	<u>\$ 265,819</u>	<u>\$ 699,871</u>	<u>\$ 477,613</u>	<u>\$ 1,443,303</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 138,621	\$ -	\$ -	\$ 138,621
Contracts and retainage payable	-	-	653,086	653,086
Unearned revenue	3,201	8,210	-	11,411
Due to Bondholders:				
Principal	-	6,665,000	-	6,665,000
Interest	-	2,470,676	-	2,470,676
Total liabilities	<u>141,822</u>	<u>9,143,886</u>	<u>653,086</u>	<u>9,938,794</u>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Prepaid items and deposits	11,087	-	-	11,087
<b>Assigned to:</b>				
Subsequent year's expenditures	75,000	-	-	75,000
Unassigned	37,910	(8,444,015)	(175,473)	(8,581,578)
Total fund balances	<u>123,997</u>	<u>(8,444,015)</u>	<u>(175,473)</u>	<u>(8,495,491)</u>
Total liabilities and fund balances	<u>\$ 265,819</u>	<u>\$ 699,871</u>	<u>\$ 477,613</u>	<u>\$ 1,443,303</u>

See notes to the financial statements

**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

Fund balance - governmental funds \$ (8,495,491)

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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets 16,562,219

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Due to Developer	(757,345)	
Accrued interest payable	(342,206)	
Bonds payable*	(8,280,000)	(9,379,551)

Net position of governmental activities		<u>\$ (1,312,823)</u>
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\* The missed debt service payments due for the Series 2007 Bonds is reflected in the due to

See notes to the financial statements

**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
<b>REVENUES</b>				
Assessments	\$ 283,426	\$ 2,913,931	\$ -	\$ 3,197,357
Interest income	-	2,285	28,069	30,354
Total revenues	<u>283,426</u>	<u>2,916,216</u>	<u>28,069</u>	<u>3,227,711</u>
<b>EXPENDITURES</b>				
Current:				
General government	66,721	2,434	-	69,155
Maintenance and operations	117,637	-	-	117,637
Debt service:				
Principal	-	8,750,000	-	8,750,000
Interest	-	949,870	-	949,870
Capital outlay	-	-	3,371,296	3,371,296
Total expenditures	<u>184,358</u>	<u>9,702,304</u>	<u>3,371,296</u>	<u>13,257,958</u>
Excess (deficiency) of revenues over (under) expenditures	99,068	(6,786,088)	(3,343,227)	(10,030,247)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	464,130	464,130
Transfer out	-	(464,130)	-	(464,130)
Developer advance	-	-	757,345	757,345
Total other financing sources (uses)	<u>-</u>	<u>(464,130)</u>	<u>1,221,475</u>	<u>757,345</u>
Net change in fund balances	99,068	(7,250,218)	(2,121,752)	(9,272,902)
Fund balances - beginning	<u>24,929</u>	<u>(1,193,797)</u>	<u>1,946,279</u>	<u>777,411</u>
Fund balances - ending	<u>\$ 123,997</u>	<u>\$ (8,444,015)</u>	<u>\$ (175,473)</u>	<u>\$ (8,495,491)</u>

See notes to the financial statements

**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balances - total governmental funds	\$ (9,272,902)
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 eliminated and capitalized as capital assets.	3,371,296
Principal payments of long-term liabilities that are due in the current year are reported as expenditures in the governmental fund statement but are eliminated in the statement of activities.	8,750,000
Governmental funds report Developer advances as financial resources when cash is received, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.	(757,345)
Certain revenues were unavailable for the governmental fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the governmental fund financial statements.	(17,076)
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.	53,572
Change in net position of governmental activities	<u>\$ 2,127,545</u>

See notes to the financial statements

**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

Parker Road Community Development District ("District") was established by Ordinance 06-10 of the Board of County Commissioners of Alachua County, Florida enacted on May 23, 2006. The District was established pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue Bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes 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 ("Board"), which is composed of five members. The Supervisors are elected by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2015, all Board members are affiliated with ICI Homes which is affiliated with CC Oakmont, LLC (the "Developer").

The Board has the responsibility for:

1. Assessing 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. 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 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

The basic 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 (Operating-type special assessments for maintenance and debt service are treated as charges for services.); and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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 to be recognized as revenue 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 government 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

Assessments are non-ad valorem assessments on benefited property within the District. Operating and maintenance assessments are based upon the adopted budget and levied annually. Debt service assessments are levied when Bonds are issued and assessed and collected on an annual basis. The District may collect assessments directly or utilize the uniform method of collection under Florida Statutes. Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by the County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the debt service assessments on their property subject to various provisions in the Bond documents.

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

The District reports the following major governmental funds:

### General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

### Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

### Capital Projects Fund

This 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 government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.



## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity**

#### Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

#### Deposits and Investments

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

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

The State Board of Administration's Local Government Surplus Funds Trust Fund (Florida PRIME) is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. Rule 2a-7 is the rule that allows money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The District has reported its investment in Florida PRIME at the same value as the pooled shares allocated to the District.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

#### Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the governmental activities columns 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 (amount not rounded) 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 estimated fair market 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.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

#### Capital Assets (Continued)

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements. No depreciation has been taken as all depreciable capital assets are considered under construction.

#### Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

#### 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. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize Bond premiums and discounts, as well as 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 debt service expenditures.

#### Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the District reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

#### Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

#### Fund Equity/Net Position (Continued)

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

### **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 3 – BUDGETARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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

- a) Each year, the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) A public hearing is conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

## **NOTE 4 – 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.

**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

The District's investments were held as follows at September 30, 2015:

	Fair Value	Credit Risk	Maturities
Money Market Mutual Funds - Fidelity Institutional Prime Class I	\$ 457,625	S&P AAAm	Weighted average of the fund portfolio: 34 days
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	90,204	S&P AAAm	Weighted average of the fund portfolio: 29 days
Total Investments	<u>\$ 547,829</u>		

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

*Interest rate risk* – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

However, the Bond Indenture limits the type of investments held using unspent proceeds.

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended September 30, 2015 were as follows:

Fund	Transfer in	Transfer out
Debt service	\$ -	\$ 464,130
Capital projects	464,130	-
Total	<u>\$ 464,130</u>	<u>\$ 464,130</u>

Transfers are used to move revenues from the fund where collection occurs to the fund where funds have been reallocated for use. In the case of the District, funds were transferred to the capital projects fund from the debt service fund in accordance with an amendment to the Series 2007 Bonds indenture in order to pay costs of the Capital Improvement Program.

## NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land improvements	\$ -	\$ 1,101,000	\$ -	\$ 1,101,000
Infrastructure under construction	13,190,923	3,158,545	(13,190,923)	3,158,545
Total capital assets, not being depreciated	13,190,923	4,259,545	(13,190,923)	4,259,545
Capital assets, being depreciated				
Infrastructure - roads	-	2,763,719	-	2,763,719
Infrastructure - water control	-	4,342,092	-	4,342,092
Infrastructure - other	-	5,196,863	-	5,196,863
Total capital assets, being depreciated	-	12,302,674	-	12,302,674
Total capital assets, being depreciated, net	-	12,302,674	-	12,302,674
Governmental activities capital assets	\$ 13,190,923	\$16,562,219	\$(13,190,923)	\$ 16,562,219

The total projected cost of all District improvements was originally estimated at \$45,100,000 and will be developed in phases over a 10 year period. The improvements will include roadways, water systems, recreational facilities, and common area hardscape, irrigation and monuments. Upon completion, certain assets will be conveyed to others for maintenance. In addition, the development encompasses approximately 556 acres. Ownership of approximately 20 acres was transferred to the Alachua County School Board, approximately 5 acres were transferred to Alachua County for other uses, and approximately 46 acres will remain undeveloped and be utilized as a conservation easement. At the end of fiscal year 2015, the District placed the phase I improvements into service.

Phases 1 and 2 of the 2007 project are partially funded by the issuance of the Series 2007 Bonds discussed in Note 7. Upon completion of the 2007 project, if the District determines that there are deferred costs which exist, a deferred cost account will be established under the terms outlined in the Capital Improvement Revenue Bonds, Series 2007 Bond Indenture. The 2007 project has not yet been completed, and the District has not yet determined if a liability exists for deferred costs.

The District acquired performance and payment bonds related to the completion of Phase 1A, 1B and 1C/1D improvements in the amounts of \$2,030,617, \$370,514 and \$76,819 respectively.

## NOTE 7 – LONG TERM LIABILITIES

The District Board has authorized the issuance of Bonds not to exceed \$52,000,000. At September 30, 2015, the District has the following Bonds outstanding.

In June 2007, the District issued \$17,880,000 of Capital Improvement Revenue Bonds, Series 2007 consisting of \$9,300,000 Term Bonds, Series 2007A, due May 1, 2038 with a fixed interest rate of 5.60% and \$8,580,000 Term Bonds, Series 2007B, due May 1, 2015 with a fixed interest rate of 5.35%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal is to be paid serially commencing May 1, 2009 through May 1, 2038 for Series 2007A Bonds and in one lump sum payment on May 1, 2015 for Series 2007B Bonds.

The Series 2007A Bonds are subject to optional redemption as outlined in the Bond Indenture. The Series 2007 Bonds are subject to extraordinary mandatory redemption in a manner outlined in the Bond Indenture.

**NOTE 7 – LONG TERM LIABILITIES (Continued)**

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

In fiscal year 2015, the Series 2007 Bond Indenture was amended to direct the Trustee to withdraw all of the deposits from the Series 2007A/B Reserve Accounts and Deferred cost accounts into the Acquisition and Construction Account to be applied to pay costs of the Capital Improvement Program. During fiscal year 2015, the balances in these accounts were transferred and the Series 2007A Reserve Account, 2007B Reserve Account and the Deferred Cost Account were closed. The amendment also eliminated the reserve requirement.

The amendment also allows for the extraordinary mandatory redemption of the 2007B Bonds from Series 2007B Prepayment Principal other than on a Quarterly Redemption Date Pursuant to the provisions of the Bond Indenture; all of the Bond owners' consent must be obtained.

During the current and prior fiscal years, the District did not have sufficient funds to make certain scheduled debt service payments and as a result, the payments were not made. As of September 30, 2015 the amount has been accrued on the fund financial statements as due to Bondholders and reflects \$415,000 and \$6,250,000 due for Series 2007 A and Series 2007B principal respectively and \$1,456,420 and \$1,014,256 due for Series 2007A and Series 2007B interest respectively.

During the current fiscal year, as a result of receiving certain past due and current debt service assessments at the time of lot closings, the District paid \$70,000 and \$2,330,000 of principal and \$11,760 and 362,834 of interest on the Series 2007A and 2007B Bonds, respectively. See Note 15 - Subsequent Events for additional call amounts subsequent to the fiscal year end.

Changes in long-term liability activity for the fiscal year ended September 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2007A	\$ 8,765,000	\$ -	\$ 70,000	\$ 8,695,000	\$ 595,000 *
Series 2007B	8,580,000	-	2,330,000	6,250,000	6,250,000 *
Total	<u>\$ 17,345,000</u>	<u>\$ -</u>	<u>\$ 2,400,000</u>	<u>\$ 14,945,000</u>	<u>\$ 6,845,000</u>

\* Includes the missed debt service payments due for the Series 2007 Bonds which were not paid.

## NOTE 7 – LONG TERM LIABILITIES (Continued)

At September 30, 2015, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2016	\$ 6,845,000 *	\$ 2,961,936 *	\$ 9,806,936
2017	190,000	453,600	643,600
2018	205,000	442,960	647,960
2019	215,000	431,480	646,480
2020	225,000	419,440	644,440
2021-2025	1,350,000	1,891,400	3,241,400
2026-2030	1,785,000	1,467,480	3,252,480
2031-2035	2,360,000	906,920	3,266,920
2036-2038	1,770,000	202,160	1,972,160
Total	\$ 14,945,000	\$ 9,177,376	\$ 24,122,376

\* Includes the missed debt service payments due for the Series 2007 Bonds which were not paid.

## NOTE 8 – DEVELOPER TRANSACTIONS

The Developer owns the majority of the land within the District; therefore, the assessments levied in the general and debt service funds during the current fiscal year are assessments levied on the land owned by the Developer. Pursuant to a direct collection agreement, the District directly bills the Developer for assessments levied on District land. For the fiscal year ended September 30, 2015, Developer assessments reported in the general fund were \$283,426. The Developer is paying past due and current debt service assessments at the time of lot closings. For the fiscal year ended September 30, 2015, revenue from lot closings reported in the debt service fund was \$2,913,931.

Additionally, the Developer has agreed to fund the remaining portion of the Series 2007 project. In connection with that agreement, Developer advances to the capital projects fund were \$757,345 which is recorded as a long term liability on the statement of net position.

## NOTE 9 – CONCENTRATION

The Developer owns the majority of the land in the District. The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

## NOTE 10 – EVENT OF DEFAULT

Pursuant to the section 808 (b) of the Series 2007A and 2007B Bond indenture, upon an occurrence of an event of default, the District shall file with the Trustee a certificate of an Authorized Officer that contains the nature of such default and actions taken or to be taken to remedy the default.

In prior years and in the current fiscal year, events of default occurred. The occurrence of an event of default creates certain remedial rights and remedies in favor of the Trustee. Pursuant to the Indenture, the owners of a majority in aggregate principal amount of the Bonds then outstanding may direct the Trustee with regard to such rights and remedies following an event of default and upon provision of indemnity satisfactory to the Trustee and in accordance with provisions of the Indenture.

#### **NOTE 10 – EVENT OF DEFAULT (Continued)**

The District has delivered a certificate to the District's Trustee indicating that an event of default has occurred. The District has been in continuous communication with its sole bondholder regarding the default. The bondholder has not requested that the District take any enforcement action related to the default.

With the adoption of the District's annual assessment resolution, the Board generally authorized District staff to initiate foreclosure action upon the non-payment of delinquent assessments. Because the delinquent debt service assessments secure the Bonds, and the Bonds' indenture allows the trustee and bondholders to direct remedial proceedings, the District generally defers to the direction of the trustee and bondholders regarding foreclosure. However, the bondholders and trustee have not directed the District to initiate foreclosure.

#### **NOTE 11 – DEFECIT FUND EQUITY**

The debt service fund had a deficit fund balance of (\$8,444,015) at September 30, 2015. The deficit will be covered as the District receives past due debt service assessments at the time of lot sales from the Developer.

The capital projects fund had a deficit fund balance of (\$175,473) at September 30, 2015. The deficit will be covered by contributions from the Developer to fund the Series 2007 project subsequent to fiscal year end.

#### **NOTE 12 – MANAGEMENT COMPANY**

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory 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 13 – COMMITMENTS AND CONTINGENCIES**

As of September 30, 2015, the District had open contracts for various construction projects. The contracts totaled approximately \$5.9 million, of which approximately \$4.4 million was uncompleted at September 30, 2015. At September 30, 2015, the District had \$164,303 in the acquisition and construction account. The Developer has agreed to fund the remaining portion of the Series 2007 project.

#### **NOTE 14 – 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; natural disasters; and environmental remediation. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There have been no claims from these risks that exceeded commercial insurance coverage over the past three years.

#### **NOTE 15 – SUBSEQUENT EVENTS**

##### **Bond Payments**

Subsequent to year end, the District did not have sufficient funds available to make certain scheduled debt service payments. As a result, certain scheduled debt service payments were not made. However, as a result of receiving certain past due and current debt service assessments at the time of lot closings, the District paid \$135,000 and \$1,305,000 of principal and \$14,700 and \$177,770 of interest of the Series 2007A and 2007B Bonds, respectively.



**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	Original and Final	Actual Amounts	
<b>REVENUES</b>			
Assessments	\$ 283,425	\$ 283,426	\$ 1
Total revenues	<u>283,425</u>	<u>283,426</u>	<u>1</u>
<b>EXPENDITURES</b>			
Current:			
General government	67,425	66,721	704
Maintenance and operations	216,000	117,637	98,363
Total expenditures	<u>283,425</u>	<u>184,358</u>	<u>99,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	99,068	<u>\$ 99,068</u>
Fund balance - beginning		<u>24,929</u>	
Fund balance - ending		<u>\$ 123,997</u>	

See notes to required supplementary information

**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
ALACHUA COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2015.



**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  
Parker Road Community Development District  
Alachua County, Florida

We have audited, in accordance with the 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 Parker Road Community Development District, Alachua County, Florida ("District") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 3, 2016, which includes an emphasis of matters paragraph.

**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 our 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 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.

**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 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*.

We noted certain matters involving the internal control over financial reporting and compliance that we have reported to management of the District in a separate letter dated October 3, 2016.

The District's responses to the findings identified in our audit are described in the accompanying Management Letter. 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 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.

October 3, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors  
Parker Road Community Development District  
Alachua County, Florida

We have examined Parker Road Community Development District, Alachua County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2015. Management is responsible for 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, accordingly, included examining, on a test basis, evidence about 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 District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2015.

This report 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, management, and the Board of Supervisors of Parker Road Community Development District, Alachua County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

October 3, 2016



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors  
Parker Road Community Development District  
Alachua County, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of Parker Road Community Development District, Alachua County, Florida ("District") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated October 3, 2016, which includes an emphasis of matter paragraph.

**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 Florida Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated October 3, 2016, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Parker Road Community Development District, Alachua County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Parker Road Community Development District, Alachua County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

October 3, 2016

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

#### **2015-01: Missed Debt Service**

Observation: During the current fiscal year, the District did not have sufficient funds to make certain scheduled debt service payments and as a result, the payments were not made. However, as a result of receiving certain past due and current debt service assessments at the time of lot closings, the District paid \$70,000 and \$2,330,000 of principal and \$11,760 and \$362,834 of interest on the Series 2007A and 2007B Bonds, respectively.

Recommendation: The District should take the necessary steps to obtain sufficient funds to make scheduled debt service payments.

Management Response: The District will continue to work with the Developer and take direction from the Bondholder to obtain funds necessary to make scheduled debt service payments.

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

#### **2012-01, 2013-01 and 2014-01: Financial Condition Assessment**

Current Status: Matter has been resolved. Financial conditions are improving. The Developer is paying past due and current debt service assessments on specific lots at the time of sale and is funding the completion of the Project.

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2014, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2015, except as noted above.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2015, except as noted above.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

## REPORT TO MANAGEMENT (Continued)

5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2015 financial audit report.
6. In connection with our audit, we determined that the District has met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes. The District failed to make certain scheduled debt service payments due on the Series 2007 Bonds, as a result of a lack of funds.

Although the District met a condition described in Section 218.503 (1), Florida Statutes, we applied financial condition assessment procedures pursuant to Rule 10.556(7), and no deteriorating financial conditions were noted as of September 30, 2015. It is management's responsibility to monitor 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. Management does not consider the District to be in a state of financial emergency as of the report date.