

**CFM Community
Development District**

FINANCIAL STATEMENTS

September 30, 2017



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September 30, 2017**

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
CFM Community Development District
Lee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of CFM Community Development District (hereinafter referred to as "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

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.

Auditors' 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, as listed in the table of contents, 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 March 30, 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 and 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.

Carr, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
March 30, 2018



Management's Discussion And Analysis

CFM Community Development District Management's Discussion and Analysis

Our discussion and analysis of the CFM Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2017, the liabilities of the District exceed its assets by approximately \$28.4 million (deficit net position).
- During the fiscal year ended September 30, 2017, only minimal principal prepayments were made, while none of the scheduled debt service payments due November 1, 2016 and May 1, 2017, and prior periods, were made. As a result, the District has accrued a debt service obligation totaling approximately \$16.1 million, which includes the scheduled bond principal payments due of approximately \$4.1 million.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

CFM Community Development District Management's Discussion and Analysis

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 5. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	2017	2016	Change
Assets			
Current and other assets	\$ 1,435,976	\$ 1,374,066	\$ 61,910
Capital assets, net	8,150,100	8,480,711	(330,611)
Total assets	\$ 9,586,076	\$ 9,854,777	\$ (268,701)
Liabilities			
Current liabilities	\$ 17,438,474	\$ 15,158,801	\$ 2,279,673
Other liabilities	20,570,000	21,290,000	(720,000)
Total liabilities	38,008,474	36,448,801	1,559,673
Net position			
Net investment in capital assets	(4,442,189)	(4,134,419)	(307,770)
Unrestricted	(23,980,209)	(22,459,605)	(1,520,604)
Total net position (deficit)	(28,422,398)	(26,594,024)	(1,828,374)
Total liabilities and net position	\$ 9,586,076	\$ 9,854,777	\$ (268,701)

For more detailed information, see the accompanying Statement of Net Position.

CFM Community Development District Management's Discussion and Analysis

During the fiscal year ended September 30, 2017, total assets decreased approximately \$269,000, while total liabilities increased by approximately \$1.6 million over from the prior fiscal year. The decrease in assets is primarily a result of depreciation on capital assets. The increase in liabilities is primarily due to the unpaid interest related to the scheduled debt service payments.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	2017	2016	Change
Revenues:			
Program revenues:			
Charges for services	\$ 811,202	\$ 764,771	\$ 46,431
Grants and contributions	33,970	31,717	2,253
Total revenues	845,172	796,488	48,684
Expenses:			
General government	634,631	579,523	55,108
Maintenance and operations	452,743	456,633	(3,890)
Interest	1,586,172	1,588,828	(2,656)
Total expenses	2,673,546	2,624,984	48,562
Change in net position	(1,828,374)	(1,828,496)	122
Net position (deficit), beginning of year	(26,594,024)	(24,765,528)	(1,828,496)
Net position (deficit), end of year	\$ (28,422,398)	\$ (26,594,024)	\$ (1,828,374)

For more detailed information, see the accompanying Statement of Activities.

Revenues and expenses increased by approximately \$49,000. The increase in revenues was primarily due to the increase to budgeted off-roll assessments in fiscal year 2017. The increase in expenses is primarily due to an increase in SPE costs. The overall result was a \$1,828,374 decrease in net position for fiscal year 2017.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined deficit fund balance of approximately \$14.7 million, which is a significant decrease from last year's deficit fund balance that totaled approximately \$12.5 million. Significant transactions are discussed below.

CFM Community Development District Management's Discussion and Analysis

- During the fiscal year ended September 30, 2017, only minimum principal prepayments were made, while none of the scheduled debt service payments due November 1, 2016 and May 1, 2017, and prior periods, were made. As a result, the District has accrued a debt service obligation totaling approximately \$16.1 million, which includes the scheduled bond principal payments due of approximately \$4.1 million.

The overall decrease in fund balance for the year ended September 30, 2017 totaled approximately \$2.2 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2017, the District had approximately \$8.2 million invested in capital assets (net of accumulated depreciation). This amount represents a net decrease of approximately \$331,000 from the fiscal year 2016 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	2017	2016	Change
Land	\$ 2,668,665	\$ 2,668,665	\$ -
Capital assets being depreciated	8,265,280	8,265,280	-
Total, prior to depreciation	10,933,945	10,933,945	-
Accumulated depreciation	(2,783,845)	(2,453,234)	(330,611)
Net capital assets	\$ 8,150,100	\$ 8,480,711	\$ (330,611)

More information about the District's capital assets is presented in Note 3 to the financial statements.

Debt

At September 30, 2017, the District had approximately \$25.4 million of bonds outstanding. This amount decreased by \$45,000 from the fiscal year 2016 total.

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	2017	2016	Change
Series 2004 A bonds	\$ 25,360,000	\$ 25,405,000	\$ (45,000)
	\$ 25,360,000	\$ 25,405,000	\$ (45,000)

More information about the District's long-term debt is presented in Note 5 to the financial statements.

CFM Community Development District Management's Discussion and Analysis

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 25.

The District experienced a favorable variance in revenues and expenditures as compared to the budget in the amount of \$1,246 and \$101,536, respectively. The variance in expenditures occurred primarily due to anticipated budgeted operating expenditures that were not incurred during the year.

FUTURE FINANCIAL FACTORS

CFM Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which, among other things, establishes policy and sets assessment rates. Assessment rates for fiscal year 2018 were established to provide for the operations of the District.

The District did not receive the majority of the debt service assessments for lands owned by Windham Magnolia Landing, LLC ("Previous Developer") during 2011 and 2012, which are now owned by Maxcy Development Group Holdings – CFM, Inc. (the "SPE") (see Note 9 to the financial statements). The District has been unable to make the scheduled debt service payments since May 2010 through the date of this report.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the CFM Community Development District's finance department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.



Basic Financial Statements

**CFM Community Development District
Statement of Net Position**

<i>September 30,</i>	2017
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 305,980
Investments	1,117,995
Prepaid expenses	7,601
Deposits	4,400
Capital assets:	
Not being depreciated	2,668,665
Depreciable, net	5,481,435
Total assets	9,586,076
Liabilities	
Accounts payable	14,708
Accrued expenses payable	22,879
Accrued interest payable	12,610,887
Non-current liabilities:	
Due within one year	4,790,000
Due in more than one year	20,570,000
Total liabilities	38,008,474
Net position	
Net investment in capital assets	(4,442,189)
Unrestricted	(23,980,209)
Total net position (deficit)	\$ (28,422,398)

The accompanying notes are an integral part of these financial statements.

**CFM Community Development District
Statement of Activities**

Year ended September 30,

2017

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	<u>Net (Expense) Revenue and Changes in Net Position</u>
<i>Primary government:</i>					
<i>Governmental activities:</i>					
General government	\$ (634,631)	\$ 159,161	\$ -	\$ (475,470)	
Maintenance and operations	(452,743)	176,123	-	(276,620)	
Interest	(1,586,172)	475,918	33,970	(1,076,284)	
Total governmental activities	\$ (2,673,546)	\$ 811,202	\$ 33,970	(1,828,374)	
				Change in net position	(1,828,374)
				<u>Net position (deficit) - beginning of year</u>	<u>(26,594,024)</u>
				<u>Net position (deficit) - end of year</u>	<u>\$ (28,422,398)</u>

The accompanying notes are an integral part of these financial statements.

**CFM Community Development District
Balance Sheet – Governmental Funds**

<i>September 30,</i>	2017		
	General	Debt Service	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 305,980	\$ -	\$ 305,980
Investments	-	1,117,995	1,117,995
Prepaid expenditures	7,601	-	7,601
Deposits	4,400	-	4,400
Total assets	\$ 317,981	\$ 1,117,995	\$ 1,435,976
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 14,708	\$ -	\$ 14,708
Accrued expenditures payable	7,217	15,662	22,879
Debt service obligation	-	16,065,470	16,065,470
Total liabilities	21,925	16,081,132	16,103,057
Fund balances			
Nonspendable	12,001	-	12,001
Unassigned	284,055	(14,963,137)	(14,679,082)
Total fund balances (deficit)	296,056	(14,963,137)	(14,667,081)
Total liabilities and fund balances	\$ 317,981	\$ 1,117,995	\$ 1,435,976

The accompanying notes are an integral part of these financial statements.

**CFM Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position**

<u>September 30,</u>	<u>2017</u>
Total fund balances (deficit), governmental funds	\$ (14,667,081)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	8,150,100
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(21,905,417)
<u>Total net position (deficit) - governmental activities</u>	<u>\$ (28,422,398)</u>

The accompanying notes are an integral part of these financial statements.

**CFM Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds**

<i>Year ended September 30,</i>	2017		
	General	Debt Service	Total Governmental Funds
Revenues			
Assessments	\$ 335,284	\$ 475,918	\$ 811,202
Prepayment revenue	-	29,697	29,697
Interest	-	4,273	4,273
Total revenues	335,284	509,888	845,172
Expenditures			
Current:			
General government	110,370	524,261	634,631
Maintenance and operations	122,132	-	122,132
Debt service:			
Principal	-	680,000	680,000
Interest	-	1,587,343	1,587,343
Total expenditures	232,502	2,791,604	3,024,106
Excess (deficit) of revenues over expenditures	102,782	(2,281,716)	(2,178,934)
Fund balances (deficit), beginning of year	193,274	(12,681,421)	(12,488,147)
Fund balances (deficit), end of year	\$ 296,056	\$ (14,963,137)	\$ (14,667,081)

The accompanying notes are an integral part of these financial statements.

**CFM Community Development District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

<i>Year ended September 30,</i>	2017
Net change in fund balances - governmental funds	\$ (2,178,934)
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities.	(330,611)
Governmental fund financial statements report scheduled principal payments on bonds when debt is due even though some amounts (\$635,000) have not been paid, whereas these amounts do not affect the Statement of Activities.	680,000
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	1,171
Change in net position of governmental activities	\$ (1,828,374)

The accompanying notes are an integral part of these financial statements.

CFM Community Development District Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

The CFM Community Development District (the “District”) was established on January 14, 2002 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Lee County Ordinance No. 02-01. 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 a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by landowners of the District. Four Supervisors are affiliated with and the District is economically dependent on Maxcy Development Group Holdings – CFM, Inc. (the “SPE”). 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:

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.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

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

CFM Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2017, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of 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 the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments along with operation and maintenance assessments, are non-ad valorem special assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance assessments are levied and certified for collection by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Assessments are imposed upon all benefited lands located in the District as described in each resolution imposing the special assessment.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

CFM Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

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.

For the year ended September 30, 2017, the District does not report any proprietary funds.

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. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3)*.

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others negotiable direct or indirect obligations which are secured by the United States Government; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

CFM Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District 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 and estimated historical cost if purchased or constructed. Donated 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives: roadways: 25 years; sanitary sewer: 25 years; irrigation: 25 years; water management/mitigation: 25 years.

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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the 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.

CFM Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes include 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 of this type of item at September 30, 2017.

In addition to liabilities, the Statement of Net 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 of this type of item at September 30, 2017.

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

CFM Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 3: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2017:

	Beginning Balance	Additions	Transfers and Conveyances	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,668,665	\$ -	\$ -	\$ 2,668,665
Total capital assets, not being depreciated	2,668,665	-	-	2,668,665
Capital assets being depreciated:				
Roadways	2,741,831	-	-	2,741,831
Sanitary sewer	240,878	-	-	240,878
Irrigation	67,134	-	-	67,134
Water management/mitigation	5,215,437	-	-	5,215,437
Total capital assets, being depreciated	8,265,280	-	-	8,265,280
Less accumulated depreciation:				
Roadways	876,207	109,674	-	985,881
Sanitary sewer	77,080	9,635	-	86,715
Irrigation	21,425	2,685	-	24,110
Water management/mitigation	1,478,522	208,617	-	1,687,139
Total accumulated depreciation	2,453,234	330,611	-	2,783,845
Total capital assets, being depreciated, net	5,812,046	(330,611)	-	5,481,435
Governmental activities capital assets, net	\$ 8,480,711	\$ (330,611)	\$ -	\$ 8,150,100

**CFM Community Development District
Notes to Financial Statements**

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation expense of \$330,611 was allocated to maintenance and operations on the accompanying Statement of Activities.

NOTE 4: INVESTMENTS

All investments held at September 30, 2017 are reported at amortized cost.

<u>September 30,</u>	<u>2017</u>	<u>Credit Risk</u>	<u>Weighted Average Maturities</u>
Short-term Money Market Funds	\$ 1,117,995	S&P AAAm	31 days

Concentration risk – The District’s investment policy requires diversification, but does not specify limits on types of investments.

Custodial credit risk – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2017, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest rate risk – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

NOTE 5: BONDS PAYABLE

On May 14, 2004, the District issued \$42,940,000 of Capital Improvement Revenue Bonds, Series 2004 consisting of \$27,740,000 Term Bonds Series 2004A due on May 1, 2035 with a fixed interest rate of 6.25%, and \$15,200,000 Term Bonds Series 2004B due on May 1, 2014 with a fixed interest rate of 5.875%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1. Principal on the Series 2004A Bonds is paid serially commencing on May 1, 2006 through May 1, 2035. The Series 2004B Bonds were repaid in full during fiscal year 2008.

**CFM Community Development District
Notes to Financial Statements**

NOTE 5: BONDS PAYABLE (Continued)

The 2004A Bonds due in May 2035 may, at the option of the District, be called for redemption as a whole at any time or in part on any interest payment date on or after May 1, 2014 at a redemption price set forth in the Bond Indenture.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedure 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. As discussed below, the District is not in compliance with certain requirements of the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in the reserve account to meet the debt service reserve requirement as defined in the Indenture. The requirement has not been met for the fiscal year ended September 30, 2017. In the absence of available funds, the scheduled debt service payments due since May 1, 2010 have not been paid as of the date of this report. As a result, a debt service obligation totaling approximately \$16.1 million has been recorded on the accompanying Balance Sheet – Governmental Funds.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2004 A	\$ 25,405,000	\$ -	\$ (45,000)	\$ 25,360,000	\$ 4,790,000
	\$ 25,405,000	\$ -	\$ (45,000)	\$ 25,360,000	\$ 4,790,000

At September 30, 2017, the scheduled debt service requirements on long-term debt were as follows:

<i>Year Ending September 30,</i>	Principal	Interest	Total Debt Service
2018	\$ 4,790,000	\$ 13,535,470	\$ 18,325,470
2019	715,000	1,285,625	2,000,625
2020	765,000	1,240,938	2,005,938
2021	815,000	1,193,125	2,008,125
2022	865,000	1,142,188	2,007,188
2023-2027	5,240,000	4,826,875	10,066,875
2028-2032	7,160,000	2,963,750	10,123,750
2033-2035	5,010,000	610,000	5,620,000
	\$ 25,360,000	\$ 26,797,971	\$ 52,157,971

CFM Community Development District Notes to Financial Statements

NOTE 5: BONDS PAYABLE (Continued)

A Forbearance Agreement was signed in fiscal year 2011, which would forgive the unpaid debt service assessments for the undeveloped land during the forbearance period (Note 9). However, the Previous Developer defaulted on this agreement, thus all of the unpaid debt service assessments are still due to the District. Certain assessments are now being forborne under the terms of the Transition Agreement.

NOTE 6: 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. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has not filed any claims under this commercial coverage during the last three years.

NOTE 7: MANAGEMENT COMPANY

The District has contracted with a management company to perform management services, which include financial 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 8: RELATED PARTY TRANSACTIONS

As discussed in Note 8, in fiscal year 2013, the Previous Developer conveyed certain developable property to the SPE, including a majority of the land with outstanding assessments. At September 30, 2017, assessments receivable from the SPE, including prior year amounts, totaled approximately \$6.5 million. The District is uncertain as to the timing of collection of the receivables and has recorded an allowance for doubtful accounts for the entire outstanding balance due from the SPE. The District has reported assessments receivable net of the allowance for doubtful accounts.

During the year ended September 30, 2017, the SPE directed the trustee, with the consent of the bondholders, to utilize District debt service trust funds to satisfy the SPE's operations and maintenance assessments obligation totaling \$254,416. This amount is included in General Fund assessments and Debt Service Fund general government expense in the accompanying financial statements.

CFM Community Development District Notes to Financial Statements

NOTE 8: RELATED PARTY TRANSACTIONS (Continued)

During the year ended September 30, 2017, the District recorded \$27,725 in Maintenance and operations expenses with Magnolia Landing Golf, LLC., a subsidiary of the Previous Developer.

During the year ended September 30, 2017, the District recorded \$41,935 in Maintenance and operations expenses with Magnolia Landing Master Association, Inc. ("HOA"), the master homeowners association located in the District. At September 30, 2017, approximately \$6,989 and \$5,940 of these expenses are included in Accounts payable and Accrued expenditures payable, respectively, in the accompanying financial statements.

During the year ended September 30, 2017, the District recorded \$123,075 in General government expenses with Lerner Real Estate Advisors, the company that operates and manages the SPE. Four members of the District's Board of Supervisors are employed by this company.

NOTE 9: CONCENTRATION

A significant portion of the District's activity is dependent upon the continued involvement of the SPE, the loss of which could have a material adverse effect on the District's operations. At September 30, 2017, the SPE owned a significant portion of the assessable property located within the District boundaries, 1,080 unplatted lots. As discussed on the following page, in November 2017, the SPE sold 238 unplatted lots to D.R. Horton.

On February 24, 2011, the District entered into a forbearance agreement with the Previous Developer, the bond trustee and the SPE. The SPE was formed for the purpose of taking ownership of additional land that would be brought into the District upon completion of the boundary amendment in accordance with the agreement. Pursuant to paragraph 8 of the agreement, the District on September 16, 2011 filed a boundary amendment petition with Lee County to incorporate the additional lands into the District. The petition was granted during fiscal year 2012.

The agreement also outlined the monetary obligations of the Previous Developer. According to the agreement, the District agreed not to commence collection or enforcement on the unpaid debt service assessments for the duration of the forbearance period (April 30, 2012) as long as the Previous Developer complied with the agreement. During fiscal year 2012, the Previous Developer defaulted on the 2011 forbearance agreement.

On April 18, 2013, the District, the bond trustee, the SPE, and the Previous Developer entered into a Project Transfer and Transition Agreement ("Transition Agreement") whereby, among other things, the Previous Developer conveyed its interest in certain lots to D.R. Horton, Inc. ("D.R. Horton"), conveyed its other developable property within the District to the SPE, and made certain payments to the District. As a result of the Transition Agreement, the Previous Developer was released from a portion of its obligations to the District, and a portion of O&M assessment amounts, as well as other amounts. Certain debt service assessments remain delinquent and have been forborne under

CFM Community Development District Notes to Financial Statements

NOTE 9: CONCENTRATION (Continued)

the Transition Agreement. Subsequent to the execution of the Transition Agreement and the transfer of said developable property, the SPE has been acting as the developer for the project. The SPE was created at the direction of the Trustee, for the benefit of the bondholders.

In August 2017, in conjunction with a purchase contract between D.R. Horton and the SPE to purchase the undeveloped land from the SPE, the District, the bond trustee, and D.R. Horton entered into a forbearance agreement. According to the agreement, the District agreed not to commence collection or enforcement on the debt service assessments related to the undeveloped property previously held by the SPE, for the duration of the forbearance period, commencing October 1, 2017 and ending October 1, 2019, as long as D.R. Horton complied with the agreement. Pursuant to section 3.(a) of the agreement, D.R. Horton shall pay the District a Termination Payment of \$707,812 by the end of the forbearance period, which will satisfy the obligation for the forborne debts service assessments accrued during the forbearance period. This amount will be adjusted for any sales of the forbearance property during the forbearance period. In November 2017, D.R. Horton purchased 238 unplatted lots from the SPE.

NOTE 10: ESCROW AGREEMENT

During fiscal year 2013, the District entered into an escrow agreement with Lee County, Florida to ensure the completion of a paving project. The District paid the initial escrow amount of \$93,643 in July 2013. The agreement requires the District to increase the escrow by 10% each year, compounded annually, that the project is not completed. Upon issuance of a certificate of completion by the County, the escrow funds will be returned to the District. If the District fails to complete the improvements according to the agreement, the escrow funds will be released to the County. The escrow balance is not recorded in the District's financial statements at September 30, 2017. The District did not make the fiscal year 2017 escrow payment. On January 17, 2018, the total escrow funds of \$124,639 were distributed to D.R. Horton, as they assumed the responsibility to complete the paving project.



**Required Supplemental Information
(Other Than MD&A)**

**CFM Community Development District
Budget to Actual Comparison Schedule – General Fund**

Year ended September 30,

2017

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Assessments	\$ 334,038	\$ 335,284	\$ 1,246
Total revenues	334,038	335,284	1,246
Expenditures			
General government	129,547	110,370	19,177
Maintenance and operations	204,491	122,132	82,359
Total expenditures	334,038	232,502	101,536
Excess of revenues over expenditures	\$ -	\$ 102,782	\$ 102,782

INDEPENDENT AUDITORS' 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
CFM Community Development District
Lee 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 CFM Community Development District (hereinafter referred to as 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, and have issued our report thereon dated March 30, 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 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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described below:

- IC2010-1: At September 30, 2017, the District was not in compliance with certain provisions of its Debt Service Bond indenture including those relating to 1) collecting amounts to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments.

The District's response to the finding identified in our audit is described below. We did not audit the District's response and, accordingly, we express no opinion on it.

- *The District and the bondholders have been working to alleviate this issue. During a prior year the Trustee and Bondholders formed the SPE to take ownership of the undeveloped land subject to delinquent assessments. During a prior year the District, Trustee, and SPE entered into a Project Transfer and Transition Agreement whereby, among other things, Windham/Magnolia Landing, LLC conveyed its interest in certain lots to D.R. Horton, Inc., conveyed its other developable property within the District to the SPE, and made certain payments to the District. As a result of Transfer and Transition Agreement, Windham was released from a portion of its obligations to the District, and a portion of O&M assessment amounts, as well as other amounts. Certain debt service assessments remain delinquent and have been forborne under the Agreement. Once the delinquent debt service assessments are collected they will be used to pay past due debt service assessments. At this time it is uncertain if the debt service reserve will be replenished. However, the District intends to continue to work with the Trustee and bondholders to revitalize the project. Subsequent to September 30, 2017, the SPE sold an additional 238 lots to D. R. Horton Inc. and has assumed ongoing debt assessments for these lots, after a two year forbearance period. Furthermore, the SPE has completed the first of several improvements of Phase 2 lot development enhancing the future marketability of unsold property in the district.*

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.

Cary Riggs & Ingram, L.L.C.

Miramar Beach, Florida
March 30, 2018



Carr, Riggs & Ingram, LLC
Certified Public Accountants
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MANAGEMENT LETTER

To the Board of Supervisors
CFM Community Development District
Lee County, Florida

Report on the Financial Statements

We have audited the financial statements of CFM Community Development District (“District”) as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 30, 2018.

Auditors' 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 Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant’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 March 30, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Recommendation IC2010-01 was made in the preceding annual audit report and is addressed on page 27. Actions have been taken to address the finding, which was also included in the third preceding fiscal year audit report. These actions are described in the District’s response to the finding, also on page 27.

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. The information required is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 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 local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District met the condition described in Section 218.503(1)(a), Florida Statutes. In the absence of available funds, the scheduled debt service payments due May 1, 2010 through the date of this report were not made. The financial emergency condition met was a result of deteriorating financial conditions. Such deteriorating financial conditions are further discussed below. The District's response to these findings is presented on page 27.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures and as a result, it was determined that a deteriorating financial condition exists with respect to the District. The District is owed approximately \$6.5 million in debt service assessments. The District has not made the scheduled debt service payments since May 1, 2010 through the date of this report. 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

Sections 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 have 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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Case, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
March 30, 2018



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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors
CFM Community Development District
Lee County, Florida

We have examined CFM Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, 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 the 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
March 30, 2018