

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

September 30, 2016

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT
FINANCIAL STATEMENTS
September 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Cross Creek Community Development District
Manatee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Cross Creek Community Development District, Manatee County, Florida ("District") as of and for the year ended September 30, 2016, 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.

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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note G and other notes to the basic financial statements, the District's financial conditions are deteriorating. The debt service funds had a deficit fund balance of (\$5,636,993) at September 30, 2016. Due to the Developer's failure to pay contributions and assessments for prior and current fiscal years and

subsequent to year end, 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. The District is economically dependent on the Developer.

Other Matters

Required Supplementary Information

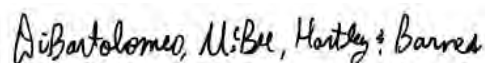
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 7 and page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic 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 August 8, 2017, on our consideration of Cross Creek Community Development District's internal control over financial reporting and on 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 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 Cross Creek Community Development District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated August 8, 2017 on our consideration of the District's compliance with 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.



DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
August 8, 2017

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2016

Our discussion and analysis of Cross Creek Community Development District, Manatee County, Florida ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2016. 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 assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of (\$819,282).
- The change in the District's total net position in comparison with the prior fiscal year was (\$888,942), a decrease. 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, 2016, the District's governmental funds reported combined ending fund balances of (\$3,663,753). A portion of fund balance is restricted for debt service and future capital repairs and replacement, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's 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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2016

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance and operations.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds for external reporting. Information is presented 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 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.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2016

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, assets exceeded liabilities at the close of the most recent fiscal year. A portion of the District's net position reflects its investment in capital assets (e.g. land, land improvements and infrastructure). These assets are used to provide services to residents; consequently, these assets are not available for future spending. The District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources.

Key components of net position were as follows:

Statement of Net Position

	2016	2015
Current assets	\$ 2,625,733	\$ 2,564,194
Capital assets	19,285,716	19,285,716
Total assets	21,911,449	21,849,910
Current liabilities	13,840,731	5,700,330
Long-term liabilities	8,890,000	16,080,000
Total liabilities	22,730,731	21,780,330
Net position		
Net invested in capital assets	3,215,716	3,025,716
Restricted for capital projects	1,899,940	1,898,883
Unrestricted	(5,934,938)	(4,854,939)
Total net position	\$ (819,282)	\$ 69,660

The District's net position decreased during the most recent fiscal year. The majority of the change is due to the nonpayment of assessments by the Developer.

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

Change in Net Position

	2016	2015
Program revenues	\$ 88,043	\$ 149,589
General revenues	80,108	417
Total revenues	168,151	150,006
Expenses		
General government	59,814	48,528
Physical environment	893	939
Interest on long-term debt	996,386	962,194
Total expenses	1,057,093	1,011,661
Change in net position	(888,942)	(861,655)
Net position - beginning of year	69,660	931,315
Net position - end of year	\$ (819,282)	\$ 69,660

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2016

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2016 was \$1,057,093. Due to the Developer's failure of paying assessments there were insufficient funds to pay the debt service on the Bonds and to completely fund the District's operations.

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, 2016.

The variance between budgeted and actual general fund revenues varied due to the District not incurring anticipated costs and funding these costs. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2016, the District had \$19,285,716 invested in land, infrastructure, buildings, improvements other than buildings, and equipment. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2016, the District had \$17,060,000 in Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the accompanying notes to the financial statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND OTHER INFORMATION

As discussed in the notes to the basic financial statements, the District's financial conditions are deteriorating. The debt service funds had a deficit fund balance of (\$5,636,993) at September 30, 2016. Due to the Developer's failure to pay contributions and assessments for prior and current fiscal years and subsequent to year end, 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. The District is economically dependent on the Developer. In December 2016, the district developer changed as a result of a sale. Debt requirements at that time were made current. Refer to Note J subsequent events.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2016

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 Cross Creek Community Development District's Finance Department at 12051 Corporate Blvd, Orlando, Florida 32817.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT**STATEMENT OF NET POSITION**

September 30, 2016

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 300,048
Assessments receivable	1,083
Deposits	436
Restricted Assets:	
Investments	2,324,166
Capital assets:	
Non-depreciable	<u>19,285,716</u>
TOTAL ASSETS	<u><u>\$ 21,911,449</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 88,054
Accrued interest payable	371,245
Due to bondholders	
Principal	990,000
Interest	5,211,432
Bonds payable, due within one year *	7,180,000
Bonds payable, due in more than one year	<u>8,890,000</u>
TOTAL LIABILITIES	<u>22,730,731</u>
NET POSITION	
Net investment in capital assets	3,215,716
Restricted for:	
Capital projects	1,899,940
Unrestricted	<u>(5,934,938)</u>
TOTAL NET POSITION	<u><u>\$ (819,282)</u></u>

* The missed debt service payment due for the Series 2007A Bonds is reflected in the due to Bondholders account balance.

The accompanying notes are an integral part of this financial statement

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Contributions	Revenues and Changes in Net Position
Governmental activities				Governmental Activities
General government	\$ 59,814	\$ 59,814	\$ -	\$ -
Physical environment	893	21,234	-	20,341
Interest on long-term debt	996,386	6,995	-	(989,391)
Total governmental activities	<u>\$ 1,057,093</u>	<u>\$ 88,043</u>	<u>\$ -</u>	<u>(969,050)</u>
General revenues:				
Investment earnings				1,235
Miscellaneous income				50,000
Gain on debt forgiveness				28,873
Total general revenues				<u>80,108</u>
Change in net position				<u>(888,942)</u>
Net position - October 1, 2015				<u>69,660</u>
Net position - September 30, 2016				<u>\$ (819,282)</u>

The accompanying notes are an integral part of this financial statement

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT**BALANCE SHEET – GOVERNMENTAL FUNDS**

September 30, 2016

	MAJOR FUNDS			TOTAL
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 300,048	\$ -	\$ -	\$ 300,048
Assessments receivable	1,060	23	-	1,083
Due from other funds	-	140,329	-	140,329
Deposits	436	-	-	436
Restricted Assets:				
Investments	-	424,087	1,900,079	2,324,166
TOTAL ASSETS	\$ 301,544	\$ 564,439	\$ 1,900,079	\$ 2,766,062
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable and accrued expenses	\$ 88,054	\$ -	\$ -	\$ 88,054
Due to other funds	140,190	-	139	140,329
Due to Bondholders:				
Principal	-	990,000	-	990,000
Interest	-	5,211,432	-	5,211,432
TOTAL LIABILITIES	228,244	6,201,432	139	6,429,815
FUND BALANCES				
Nonspendable:				
Deposits	436	-	-	436
Restricted for:				
Debt Service	-	(5,636,993)	-	(5,636,993)
Capital projects	-	-	1,899,940	1,899,940
Unassigned	72,864	-	-	72,864
TOTAL FUND BALANCES	73,300	(5,636,993)	1,899,940	(3,663,753)
TOTAL LIABILITIES AND FUND BALANCES	\$ 301,544	\$ 564,439	\$ 1,900,079	\$ 2,766,062

The accompanying notes are an integral part of this financial statement

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended September 30, 2016

	MAJOR FUNDS			TOTAL
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	GOVERNMENTAL FUNDS
REVENUES				
Special assessments	\$ 81,048	\$ 6,995	\$ -	\$ 88,043
Miscellaneous revenue	-	50,000	-	50,000
Investment earnings	98	185	952	1,235
TOTAL REVENUES	<u>81,146</u>	<u>57,180</u>	<u>952</u>	<u>139,278</u>
EXPENDITURES				
General government	59,814	-	-	59,814
Physical environment	893	-	-	893
Debt				
Principal	-	190,000	-	190,000
Interest expense	-	948,370	-	948,370
Other	-	52,440	-	52,440
TOTAL EXPENDITURES	<u>60,707</u>	<u>1,190,810</u>	<u>-</u>	<u>1,251,517</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>20,439</u>	<u>(1,133,630)</u>	<u>952</u>	<u>(1,112,239)</u>
OTHER SOURCES (USES)				
Transfers in (out)	-	(105)	105	-
Gain on debt forgiveness	28,873	-	-	28,873
TOTAL OTHER SOURCES (USES)	<u>28,873</u>	<u>(105)</u>	<u>105</u>	<u>28,873</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>49,312</u>	<u>(1,133,735)</u>	<u>1,057</u>	<u>(1,083,366)</u>
FUND BALANCE				
Beginning of year	<u>23,988</u>	<u>(4,503,258)</u>	<u>1,898,883</u>	<u>(2,580,387)</u>
End of year	<u>\$ 73,300</u>	<u>\$ (5,636,993)</u>	<u>\$ 1,899,940</u>	<u>\$ (3,663,753)</u>

The accompanying notes are an integral part of this financial statement

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2016

Net Change in Fund Balances - Total Governmental Funds, Page 12	\$ (1,083,366)
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Certain items reported in the Statement of Activities do not require
the use of current financial resources and therefore are not reported
expenditures in the governmental funds:

Payments on long-term debt	190,000
Change in accrued interest payable	4,424

Change in Net Position of Governmental Activities, Page 9	<u><u>\$ (888,942)</u></u>
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The accompanying notes are an integral part of this financial statement

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE A- NATURE OF ORGANIZATION AND REPORTING ENTITY

Cross Creek Community Development District (the District) was established on January 24, 2006 by Manatee County Ordinance 06-21, under the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes. 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. At September 30, 2016, there are two vacant seats on the Board. The remaining Board members are affiliated with the majority landowner. The Supervisors are elected on an at large basis by the land owners within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

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") Statement 14, and Statement 39, an amendment of GASB Statement 14. 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 B - 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.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (continued)

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.

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 economic 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.

Assessments

Assessments are non-ad valorem assessments on benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations are billed and collected by the County Tax Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution.

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

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.

Debt Service Fund

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

Capital Projects Fund

The capital projects fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure with the District.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

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;

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (continued)

Deposits and Investments (continued)

- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

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.

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 government 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 one year. 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.

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

<u>Assets</u>	<u>Years</u>
Improvements	10 - 20
Infrastructure	20 - 40

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE B - 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.

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 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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For example, the District would record deferred outflows of resources 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).

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For example, when an asset is recorded in the governmental fund financial statements, but the revenue is not available, the District reports a deferred inflow of resources until such times as the revenue becomes available.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (continued)

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.

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 that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board can 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.

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.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE C - 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) Public hearings are conducted to obtain public 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 D – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances, including certificates of deposit, 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.

Investments

The District's investments were held as follows at September 30, 2016:

<u>Investment</u>	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Maturities</u>
US Bank Money Market Account Managed	\$ 2,324,166	S&P AAAm	N/A
Total Investments	<u>\$ 2,324,166</u>		

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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. The investments listed in the schedule above are not evidenced by securities that exist in physical or book entry form.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE D – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

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 anyone 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.

NOTE E – INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2016 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ -	\$ 140,190
Debt service	140,329	-
Capital projects	-	139
	<u>\$ 140,329</u>	<u>\$ 140,329</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances between the general fund and the debt service fund, relate to funds needed to finance remedial expenditures of the general fund as a result of delinquent assessments.

NOTE F - CAPITAL ASSETS

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

	<u>Balance</u> <u>10/01/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>09/30/2016</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 1,096,000	\$ -	\$ -	\$ 1,096,000
Construction in process	18,189,716	-	-	18,189,716
Total capital assets, not being depreciated	<u>19,285,716</u>	<u>-</u>	<u>-</u>	<u>19,285,716</u>
Governmental activities capital assets - net	<u>\$ 19,285,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,285,716</u>

There was no depreciation expense recorded as of September 30, 2016.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE F - CAPITAL ASSETS (CONTINUED)

The District's Revised and Restated Engineer's Report, dated February 7, 2007, contemplated \$53,633,000 in public infrastructure improvements including earthwork, roadways, landscaping, irrigation, storm water management facilities, and water/sewer facilities. The costs comprising the CIP are segmented into two phases of construction, with the Series 2007 Project (the "2007 Project") designated as Phase I of construction. Common area infrastructure costs are apportioned across all benefiting properties, with a proportionate share of costs levied against properties contained within Phase I of the development. Additionally, neighborhood infrastructure costs specific to the construction of Phase I are captured as a component of the 2007 Project.

On July 22, 2009, the Cross Creek COD Engineer's Report Supplement # 2 (the "Supplemental Engineer's Report") was prepared to restructure and modify the scope of the 2007 Project ("Amended 2007 Project"). The Supplemental Engineer's Report provides for a reduction in the overall cost of the 2007 Project, which is achieved through the elimination of planned infrastructure improvements to support the townhome and villa parcels. Costs associated with infrastructure required to support the addition of these parcels is quantified within the Supplemental Engineer's Report, as future Bond issuances may finance contemplated improvements.

There is no estimate available for the erosion or loss of value related to the infrastructure that cannot be maintained to optimal standards due to limited available funds. Further, due to the uncertainty as to the completion of the project within a reasonable period of time, the infrastructure may not be able to be used for its intended purpose as anticipated in the original project description. There is no estimate at this time for the additional funding that might be required if there is another change to the project.

NOTE G – LONG-TERM LIABILITIES

\$10,205,000 Special Assessment Revenue Bonds, Series 2007A – On February 2, 2007, the District issued \$10,205,000 in Special Assessment Revenue Bonds, Series 2007A. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. The Bonds are payable in annual principal installments through May 2039. The Bonds bear interest at 5.6% payable semi-annually on the first day of each May and November. Principal is due serially each May 1, commencing May 2010.

\$28,385,000 Special Assessment Revenue Bonds, Series 2007B – On February 2, 2007, the District issued \$28,385,000 in Special Assessment Revenue Bonds, Series 2007B. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. The Bonds are payable May 2017. The Bonds bear interest at 5.5% payable semi-annually on the first day of each May and November.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE G – LONG-TERM LIABILITIES (CONTINUED)

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The requirements have not been met for the fiscal year ended September 30, 2016.

During the current and prior fiscal years, the Developer failed to make timely payments on the special assessments which ultimately secure the Bonds. As a result, certain scheduled debt service payments were made, in part, by draws on the Debt Service Reserve Account and certain payments were not made. The amount of missed debt service payments has been accrued on the fund financial statements as due to Bondholders and reflects \$620,000 due for principal and \$3,314,692 due for interest. The failure by the District to pay its debt service is considered an event of default. As a result of these payments, there are deficits of approximately \$419,000 and \$241,000, respectively, in the 2007A and 2007B Debt Service Reserve Accounts at September 30, 2016. In December 2016, the district developer changed as a result of a sale. Debt requirements at that time were made current. Refer to Note J subsequent events.

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2016:

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016	Due Within One Year
Special Assessment Revenue Bonds, Series 2007A	\$ 10,070,000	\$ -	\$ -	\$ 10,070,000	\$ 8,180,000 *
Special Assessment Revenue Bonds, Series 2007B	6,990,000	-	-	6,990,000	-
	<u>\$ 17,060,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,060,000</u>	<u>\$ 8,180,000</u>

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

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE G – LONG-TERM LIABILITIES (CONTINUED)

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

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 8,180,000	\$ 892,930	\$ 9,072,930
2018	210,000	497,280	707,280
2019	225,000	485,520	710,520
2020	235,000	472,920	707,920
2021	250,000	459,760	709,760
2022-2026	1,480,000	2,072,000	3,552,000
2027-2031	1,955,000	1,607,200	3,562,200
2032-2036	2,585,000	993,440	3,578,440
2036-2039	1,940,000	221,480	2,161,480
	<u>\$ 17,060,000</u>	<u>\$ 7,702,530</u>	<u>\$ 22,601,050</u>

NOTE H – DEFICIT FUND EQUITY

The debt service funds had a deficit fund balance of (\$5,636,993) at September 30, 2016. In December 2016, the district developer changed as a result of a sale. Debt requirements at that time were made current. Refer to Note J subsequent events.

NOTE I - MANAGEMENT COMPANY

The District has contracted with a management company to perform 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 J – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to September 30, 2016, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2016. Management has performed their analysis through August 8, 2017, the audit completion date.

Events of Default

Subsequent to fiscal year end, certain scheduled debt service payments were due on the Series 2007A and 2007B Bonds. However, shortfalls in the collection of special assessments caused there to be insufficient amounts available to fund the scheduled debt service payments. As a result, certain scheduled debt service payments were not made. The failure by the District to pay its debt service is considered an event of default.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE J – SUBSEQUENT EVENTS (CONTINUED)

Events of Default (continued)

In December 2016, the majority of the undeveloped land in the District was under contract for sale. Ultimately, the developer ownership changed as a result of the sale. The Debt was restructured as a result the District's financial condition and debt service delinquencies were corrected.

NOTE K - 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. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

NOTE L – CONCENTRATION

The Districts activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District operations.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT**STATEMENT OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL – GENERAL FUND**

Year Ended September 30, 2016

	<u>* BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Special assessments	\$ 266,874	\$ 81,048	\$ (185,826)
Investment earnings	-	98	98
TOTAL REVENUES	<u>266,874</u>	<u>81,146</u>	<u>(185,728)</u>
 EXPENDITURES			
Current			
General government	98,920	59,814	39,106
Physical environment	105,254	893	104,361
Culture and recreation	<u>62,700</u>	<u>-</u>	<u>62,700</u>
TOTAL EXPENDITURES	<u>266,874</u>	<u>60,707</u>	<u>206,167</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>20,439</u>	<u>20,439</u>
 OTHER FINANCING SOURCES			
Gain on debt forgiveness	<u>-</u>	<u>28,873</u>	<u>28,873</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	<u>\$ -</u>	<u>49,312</u>	<u>\$ 49,312</u>
 FUND BALANCES			
Beginning of year		<u>23,988</u>	
End of year		<u>\$ 73,300</u>	

* Original and final budget.

CROSS CREEK COMMUNITY DEVELOPMENT DISTRICT
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).

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, 2016.

The variance between budgeted and actual general fund revenues varied due to the District not incurring anticipated costs and funding these costs. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

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
Cross Creek Community Development District
Manatee County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cross Creek Community Development District, as of September 30, 2016 and for the year ended, which collectively comprise Cross Creek Community Development District's basic financial statements and have issued our report thereon dated August 8, 2017, which includes an emphasis of matter paragraph.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 over financial reporting.

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 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.

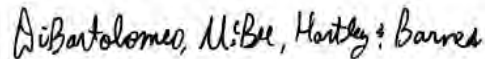
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated August 8, 2017.

Purpose of this Report

This report is intended 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 purpose.



DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
August 8, 2017

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

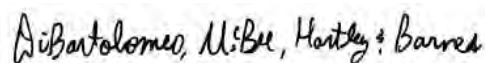
To the Board of Supervisors
Cross Creek Community Development District
Manatee County, Florida

We have examined the District's compliance with the requirements of Section 218.415, Florida Statutes with regards to the District's investments during the year ended September 30, 2016. 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 and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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 Cross Creek Community Development District, Manatee County, Florida and is not intended to be and should not be used by anyone other than these specified parties.



DiBartolomeo, McBee Hartley & Barnes, P.A.
Fort Pierce, Florida
August 8, 2017

Management Letter

To the Board of Supervisors
Cross Creek Community Development District
Manatee County, Florida

Report on the Financial Statements

We have audited the financial statements of Cross Creek Community Development District as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated August 8, 2017.

Auditor's Responsibility

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

Other 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 Accountant'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 and schedule, which are dated August 8, 2017, 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 corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report with the exception of those listed below:

2011-02, 2012-02, 2013-02, 2014-01, 2015-01 Financial Condition Assessment - See finding 2016-01
2011-03, 2012-03, 2013-03, 2014-02, 2015-02 Audit Report and Annual Financial Report Filing - See finding 2016-02
2011-04, 2012-04, 2013-04, 2014-03, 2015-03 Reserve Requirement - See finding 2016-03
2014-04, 2015-04 Supporting Documentation - See finding 2016-04

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. Refer to Note A in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report results of our determination as to whether or not Cross Creek Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that Cross Creek Community Development District has met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes. The District failed to make the November 1, 2015 and May 1, 2016 debt service payments due on the Series 2007 Bonds, as a result of a lack of funds. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and determined that a deteriorating financial condition was noted. See Findings section above for additional information. 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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Cross Creek Community Development 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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for Cross Creek Community Development District for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the following recommendations:

Other Findings

2016-01 Financial Condition Assessment

Observation: The District's financial conditions are deteriorating. The Developer failed to pay contributions and assessments during the current and prior fiscal years. As a result, certain scheduled debt service payments were made, in part, by draws on the Debt Service Reserve Account. Also, certain scheduled debt service payments were not made resulting in events of default. In addition, the debt service fund reported a deficit fund balance of (\$5,636,993), at September 30, 2016.

Recommendation: The District should take the necessary steps to alleviate the deteriorating financial condition.

Management Response: The District has been in communication with the Trustee since the default occurred, and has followed direction of the Trustee with respect to collection efforts. The District has attempted to correct its financial condition, as recommended by the auditor. In December 2016, the developer changed as a result of a sale and the debt requirements are now current.

2016-02 Audit Report and Annual Financial Report Filing

Observation: The District has not filed copies of the audit reports and annual financial reports for the fiscal year ended September 30, 2016 required to be submitted pursuant to Florida Statutes with the Auditor General of the State of Florida.

Recommendation: The District should take the necessary steps to ensure that audit reports and annual financial reports are submitted within the statutory time frames.

Management Response: The District intends to follow the recommendation, subject to receipt of sufficient funding.

2016-03 Reserve Requirement

Observation: As a result of unscheduled draws on the Series 2007A and 2007B Debt Service Reserve Accounts to make certain scheduled debt service payments and to pay for remedial expenditures and operating expenditures, the reserve requirement was not met at September 30, 2016.

Recommendation: The District should take the necessary steps to replenish the reserve account.

Management Response: The District is in communication with the Trustee, and is working with the Trustee with respect to collection efforts. In December 2016, the developer changed as a result of a sale and the debt requirements are now current.

2014-04 Supporting Documentation

Observation: We noted in certain circumstances the District was not able to provide supporting documentation in order to support transactions. Alternative procedures were required to be performed in some instances.

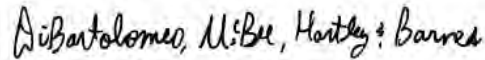
Recommendation: The District should take the necessary steps to ensure all supporting documents are available for review.

Management Response: The District has had turnover in management companies and as a result some supporting documentation was not available for inspection. The District has since changed management companies in order to rectify the finding.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we 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, the Chairman and Members of the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
August 8, 2017