

**City Center
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2016

City Center Community Development District

ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2016

TABLE OF CONTENTS

FINANCIAL SECTION	<u>Page Number</u>
REPORT OF INDEPENDENT AUDITORS	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	16
Notes to Financial Statements	17-30
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 <i>GOVERNMENT AUDITING STANDARDS</i>	31-32
MANAGEMENT LETTER	33-35
INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	36



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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
City Center Community Development District
Polk County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of City Center Community Development District as of and for the year ended September 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Fort Pierce / Stuart
- 1 -

To the Board of Supervisors
City Center Community Development District

Basis for Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component unit should have been presented.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Discretely Presented Component Unit", the financial statements referred to above do not present fairly, the financial position of the discretely presented component unit of the District as of September 30, 2016, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Adverse Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the District as of September 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

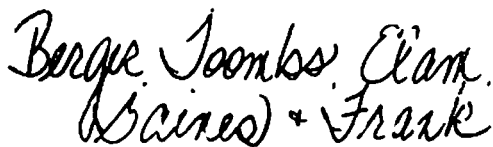
Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Center Community Development District's internal control over financial reporting and compliance.



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

June 21, 2017

**City Center Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016**

Management's discussion and analysis of City Center Community Development District's (the District) financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets 2) restricted and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment and debt service.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major governmental funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**City Center Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including capital assets, are reported in the **statement of net position**. All liabilities obligated but not paid by the District, are included. In the **statement of activities** transactions between the different functions of the District are eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long term liabilities are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District is also included in the *notes to financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2016:

- The District's total liabilities exceeded total assets by \$(15,989,039) (net position). Unrestricted net position for governmental activities was \$(15,458,148). Net investment in capital assets for governmental activities was \$(1,145,891). Net position restricted for capital projects was \$615,000.
- Governmental activities revenues totaled \$588,991 while governmental activities expenses totaled \$2,194,360.

**City Center Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following tables present condensed, government-wide current year and prior year data about net position and changes in net position. Comparative year data is shown based on the Government financial reporting model under the Governmental Accounting Standards Board Statement No. 34.

	Governmental Activities	
	2016	2015
Net Position		
Current assets	\$ 201,462	\$ 114,345
Restricted assets	335,262	316,254
Capital assets	<u>23,642,889</u>	<u>23,766,769</u>
Total Assets	<u>24,179,613</u>	<u>24,197,368</u>
Current liabilities	10,192,652	9,147,038 *
Non-current liabilities	<u>29,976,000</u>	<u>29,434,000</u>
Total Liabilities	<u>40,168,652</u>	<u>38,581,038</u>
Net position - net investment in capital assets	(1,145,891)	(1,022,011)
Net position - restricted for capital projects	615,000	615,000
Net position - unrestricted	<u>(15,458,148)</u>	<u>(13,976,659) *</u>
Total Net Position	<u>\$ (15,989,039)</u>	<u>\$ (14,383,670) *</u>

*Restated

The decrease in capital assets was related to the increase in current year depreciation.

The increase in current liabilities was related to the increase in matured interest payable.

**City Center Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

	Governmental Activities	
	2016	2015
Change in Net Position		
Program Revenues		
Charges for services	\$ 587,005	\$ 250,730
Operating grants and contributions	-	640,423
General Revenues		
Investment earnings	154	40
Miscellaneous revenues	1,832	770
Total Revenues	<u>588,991</u>	<u>891,963</u>
Expenses		
General government	87,692	104,081
Physical environment	259,375	246,590
Interest	1,847,293	2,017,481
Total Expenses	<u>2,194,360</u>	<u>2,368,152</u>
Gain on Bond Exchange	<u>-</u>	<u>145,000</u>
Change in Net Position	(1,605,369)	(1,331,189)
Net Position – Beginning of Year	<u>(14,383,670)</u>	<u>(13,052,481) *</u>
Net Position – End of Year	<u>\$ (15,989,039)</u>	<u>\$ (14,383,670) *</u>

* Restated

The increase in charges for services is primarily due to the increase in debt assessments levied.

The operating grants and contributions balance in the prior year relates to contributions received from the landowner as a result of the bond restructuring.

The gain on bond exchange was related to the bond restructuring in the prior year.

**City Center Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of 2016 and 2015:

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Infrastructure under construction	\$ 21,691,768	\$ 21,691,768
Stormwater system	3,097,012	3,097,012
Less: Accumulated depreciation	<u>(1,145,891)</u>	<u>(1,022,011)</u>
	<u>\$ 23,642,889</u>	<u>\$ 23,766,769</u>

Depreciation of \$123,880 was recognized in the current year.

General Fund Budgetary Highlights

The budget exceeded actual expenditures primarily because of lower than expected repairs and maintenance and field contingencies.

There were no amendments to the budget in the current year.

Debt Management

Governmental Activities debt includes the following:

- ◆ In April 2005, the District issued \$17,320,000 Special Assessment Revenue Bonds. The Bonds were issued to finance the costs of acquisition, construction, installation and equipping of certain assessable improvements within the District. The bonds were bifurcated in March 2015 into Series 2005A and Series 2015(05A). The outstanding balance at that time, including matured bonds payable, was split into two series, \$1,105,000 and \$12,595,000. The 2005A Un-exchanged Bond outstanding balance at September 30, 2016 amounts to \$12,595,000.
- ◆ In May 2007, the District issued \$22,895,000 Special Assessment Revenue Bonds. The Bonds were issued to finance the costs of acquisition, construction, installation and equipping of certain assessable improvements within the District. The bonds were bifurcated in March 2015 into Series 2007A and Series 2015(07A). The outstanding balance at that time, including matured bonds payable, was split into two series, \$1,380,000 and \$15,060,000. During the prior year, the District entered into a forbearance agreement for the S2007A bonds. The 2007 Unexchanged Bond outstanding balance at September 30, 2016 amounts to \$15,060,000.

**City Center Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- ◆ In March 2015, the District exchanged portions of the Series 2005A Special Assessment Revenue Bonds (\$1,105,000) and the Series 2007A Special Assessment Revenue Bonds (\$1,380,000) for Series 2015 (2005A Project) Bonds and Series 2015 (2007A Project) Bonds. The 2015 Bonds are only secured by the debt assessments levied and imposed on a single parcel of property within the District (Assessment Area One). The balance outstanding at September 30, 2016 was \$2,379,000.

Economic Factors and Next Year's Budget

In March 2017, certain property within the District was sold by the SPE. The proceeds from the sale were mostly used to pay delinquent and unpaid interest on the outstanding Series 2005A and Series 2007A Bonds. Additionally, certain bonds outstanding were tendered and cancelled. The effect on the financial position or results of operations of the District for the 2016/17 fiscal year cannot be determined.

Request for Information

The financial report is designed to provide a general overview of City Center Community Development District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Center Community Development District, Development Planning & Finance Group, 1060 Maitland Center Commons, Suite 340, Maitland, FL 32751.

City Center Community Development District
STATEMENT OF NET POSITION
September 30, 2016

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 1,515
Assessment receivable	197,347
Prepays	2,400
Deposits	200
Total Current Assets	201,462
Non-current Assets	
Restricted assets	
Investments	335,262
Capital assets, not being depreciated	
Infrastructure under construction	21,691,768
Capital assets, being depreciated	
Stormwater system	3,097,012
Less: Accumulated depreciation	(1,145,891)
Total Non-current Assets	23,978,151
Total Assets	24,179,613
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	64,334
Due to developer	11,622
Bonds payable, current portion	58,000
Accrued interest	757,959
Matured interest payable	9,300,737
Total Current Liabilities	10,192,652
Non-current liabilities	
Bonds payable	29,976,000
Total Liabilities	40,168,652
NET POSITION	
Net investment in capital assets	(1,145,891)
Restricted for capital projects	615,000
Unrestricted	(15,458,148)
Total Net Position	\$ (15,989,039)

See accompanying notes to financial statements.

City Center Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Changes in Net Position Governmental Activities
Primary government			
Governmental Activities			
General government	\$ (87,692)	\$ 145,185	\$ 57,493
Physical environment	(259,375)	224,329	(35,046)
Interest and other costs	<u>(1,847,293)</u>	<u>217,491</u>	<u>(1,629,802)</u>
Total Governmental Activities	<u><u>\$ (2,194,360)</u></u>	<u><u>\$ 587,005</u></u>	<u><u>(1,607,355)</u></u>
 General Revenues			
			154
			<u>1,832</u>
			<u>1,986</u>
			(1,605,369)
			<u>(14,383,670)</u>
			<u><u>\$ (15,989,039)</u></u>

See accompanying notes to financial statements.

City Center Community Development District
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 1,515	\$ -	\$ -	\$ 1,515
Assessments receivable	196,853	494	-	197,347
Due from other funds	-	-	615,000	615,000
Prepaid expenses	2,400	-	-	2,400
Deposits	200	-	-	200
Restricted assets				
Investments, at fair value	-	335,262	-	335,262
Total Assets	<u>\$ 200,968</u>	<u>\$ 335,756</u>	<u>\$ 615,000</u>	<u>\$ 1,151,724</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 64,334	\$ -	\$ -	\$ 64,334
Due to developer	11,622	-	-	11,622
Due to other funds	-	615,000	-	615,000
Matured interest payable	-	9,300,737	-	9,300,737
Total Liabilities	<u>75,956</u>	<u>9,915,737</u>	<u>-</u>	<u>9,991,693</u>
Deferred Inflows of Resources				
Deferred revenues	98,507	-	-	98,507
Fund Balances				
Nonspendable - deposits/prepays	2,600	-	-	2,600
Restricted for capital projects	-	-	615,000	615,000
Unassigned	23,905	(9,579,981)	-	(9,556,076)
Total Fund Balances	<u>26,505</u>	<u>(9,579,981)</u>	<u>615,000</u>	<u>(8,938,476)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 200,968</u>	<u>\$ 335,756</u>	<u>\$ 615,000</u>	<u>\$ 1,151,724</u>

**City Center Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2016**

Total Governmental Fund Balances	\$ (8,938,476)
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated, infrastructure under construction (\$21,691,768) used in governmental activities are not financial resources and are therefore not reported in the funds	21,691,768
Capital assets being depreciated, stormwater system \$3,097,012, net of accumulated depreciation \$(1,145,891), are not financial resources and are therefore not reported in the funds.	1,951,121
Certain special assessment receivables were not collected within 60 days of year end and thus, are not financial resources in the current period and; therefore, are reported as deferred inflows in the funds statements.	98,507
Long-term liabilities, including bonds payable are not due and payable in the current period and; are not reported in the fund level statements.	(30,034,000)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.	<u>(757,959)</u>
Net Position of Governmental Activities	<u><u>\$ (15,989,039)</u></u>

See accompanying notes to financial statements.

City Center Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals Governmental Funds</u>
Revenues				
Special assessments	\$ 271,007	\$ 217,491	\$ -	\$ 488,498
Contributions	-	-	-	-
Investment earnings	90	64	-	154
Miscellaneous revenues	1,729	103	-	1,832
Total Revenues	<u>272,826</u>	<u>217,658</u>	<u>-</u>	<u>490,484</u>
Expenditures				
Current				
General government	87,692	-	-	87,692
Physical environment	135,495	-	-	135,495
Debt service				
Principal	-	54,000	-	54,000
Interest	-	1,822,375	-	1,822,375
Other debt service costs	-	11,886	-	11,886
Total Expenditures	<u>223,187</u>	<u>1,888,261</u>	<u>-</u>	<u>2,111,448</u>
Net Change in Fund Balances	<u>49,639</u>	<u>(1,670,603)</u>	<u>-</u>	<u>(1,620,964)</u>
Fund Balances - October 1, 2015	<u>(23,134)</u>	<u>(7,909,378)</u>	<u>615,000</u>	<u>(7,317,512)</u>
Fund Balances - September 30, 2016	<u>\$ 26,505</u>	<u>\$ (9,579,981)</u>	<u>\$ 615,000</u>	<u>\$ (8,938,476)</u>

See accompanying notes to financial statements.

City Center Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Net Change in Fund Balances -Total Governmental Funds	\$ (1,620,964)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation in the current year.	(123,880)
Revenues in the statement of activities that do not provide current financial resources are not considered earned in the governmental fund statements. This is the change in deferred inflows in the current period.	98,507
Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	54,000
In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net change in accrued interest in the current period.	<u>(13,032)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,605,369)</u></u>

See accompanying notes to financial statements.

City Center Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 353,042	\$ 353,042	\$ 271,007	\$ (82,035)
Investment income	-	-	90	90
Miscellaneous revenues	-	-	1,729	1,729
Total Revenues	<u>353,042</u>	<u>353,042</u>	<u>272,826</u>	<u>(80,216)</u>
Expenditures				
Current				
General government	110,286	110,286	87,692	22,594
Physical environment	220,310	220,310	135,495	84,815
Total Expenditures	<u>330,596</u>	<u>330,596</u>	<u>223,187</u>	<u>107,409</u>
Net Change in Fund Balances	22,446	22,446	49,639	27,193
Fund Balances - October 1, 2015	<u>-</u>	<u>-</u>	<u>(23,134)</u>	<u>(23,134)</u>
Fund Balances - September 30, 2016	<u>\$ 22,446</u>	<u>\$ 22,446</u>	<u>\$ 26,505</u>	<u>\$ 4,059</u>

See accompanying notes to financial statements.

City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

The District was created on January 8, 2003, by the Polk County Board of Commissioners pursuant to the Rule 42RR-1, Florida Administrative Code and Chapter 190, Florida Statutes. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the City Center Community Development District. The District is governed by a five-member Board of Supervisors who are elected for four year terms. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the City Center Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board Statement Number 61, the Financial Reporting Entity, the District has identified one discretely presented component unit.

The component unit is a legally separate entity which did not meet the criteria for blending. The component unit of the District is as follows:

City Center Property Holdings, LLC. – The Company is a privately owned special purpose entity (SPE) formed consistent with the Trust indenture for the Special Assessment Revenue Bonds, Series 2005A and the Special Assessment Revenue Bonds, Series 2007A for the purpose of owning, maintaining, selling or disposing of the property related to the bonds.

The Financial information on the SPE was not available so it is not reflected as a discretely presented component unit in the accompanying financial statements.

City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

a. Government-wide Financial Statements

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are primarily supported by special assessments and contributions. Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financial source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their current financial resource measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

General Fund - The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund 2005A, 2007A, 2015(05A), and 2015(07) Bonds - Accounts for the debt service requirements to retire the special assessment revenue bonds which were used, among other things, to retire the debt of the bond anticipation notes and to finance the acquisition and construction of certain master infrastructure improvements within the District.

Capital Projects Fund – The Capital Projects Fund accounts for the construction of certain infrastructure improvements.

City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds, be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Chapter 280, Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Chapter 280.02, Florida Statutes.

**City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

b. Restricted Assets

Certain assets of the District are classified as restricted assets on the Statement of Net Position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

c. Capital Assets

Capital assets, which include land, construction in progress and equipment, are reported in governmental activities.

The District defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Stormwater System	25 years
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d. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. Formal budgets are adopted for the general and debt service funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end.

**City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the District’s governmental funds (\$(8,938,476)) differs from “net position” of governmental activities (\$(15,989,039)) reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the Governmental Fund Balance Sheet. The effect of the differences is illustrated below.

Capital related items

When capital assets (land and improvements and construction in progress that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Infrastructure under construction	\$ 21,691,768
Stormwater System	3,097,012
Less: accumulated depreciation	<u>(1,145,891)</u>
Total	<u>\$ 23,642,889</u>

Deferred Inflows of Resources

Deferred inflows of resources in the statement of net position differ from the amount reported at the funds level. The funds level statements report revenues which are measurable but not available as deferred revenues. However, these deferred revenues are susceptible to full accrual at the government-wide level.

Deferred revenues	<u>\$ 98,507</u>
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Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Bonds payable	<u>\$ (30,034,000)</u>
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Accrued interest

Accrued liabilities in the statement of net position differ from the amount reported in governmental funds due to accrued interest on bonds.

Accrued interest	<u>\$ (757,959)</u>
------------------	---------------------

City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds (\$1,620,964) differs from the “change in net position” for governmental activities (\$1,605,369) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation charged for the year.

Depreciation	\$ <u>(123,880)</u>
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Deferred Revenues

Deferred revenues (special assessments) reported in the governmental funds are recognized as revenues in the Statement of Activities.

Deferred revenues	\$ <u>98,507</u>
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Long-term debt transactions

Repayments of bond principal are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Principal payments	\$ <u>54,000</u>
--------------------	------------------

Accrued interest

Accrued liabilities in the statement of net position differ from the amount reported in governmental funds due to accrued interest on bonds.

Net change in accrued interest payable	\$ <u>(13,032)</u>
----------------------------------------	--------------------

**City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE C - CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2016, the District's bank balance was \$1,630 and the carrying value was \$1,515. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2016, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>% of total</u>
First American Government Obligations Fund CI Y	25 Days *	\$ 247,168	74%
Managed Money Market Accounts	N/A	88,094	26%
TOTAL		<u>\$ 335,262</u>	<u>100%</u>

* Weighted Average Maturity

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the investments in First American Government Obligations Fund Class Y and Managed Money Market Accounts are Level 1 assets.

City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes and bond covenants.

Interest Rate Risk

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

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2016, the District's investment in First American Government Obligations and Managed Money Market Accounts were rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in First American Government Obligations Fund CI Y are 74% of the District's total investments. The investments in Managed Money Market Accounts are 26% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2016 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

**City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE D – CAPITAL ASSETS

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

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Governmental Activities:				
Capital assets, not being depreciated				
Infrastructure under construction	<u>\$ 21,691,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,691,768</u>
Capital assets, being depreciated				
Stormwater system	3,097,012	-	-	3,097,012
Less accumulated depreciation for:				
Stormwater system	<u>(1,022,011)</u>	<u>(123,880)</u>	<u>-</u>	<u>(1,145,891)</u>
Total capital assets depreciated, net	<u>2,075,001</u>	<u>(123,880)</u>	<u>-</u>	<u>1,951,121</u>
Governmental Activities Capital Assets	<u><u>\$ 23,766,769</u></u>	<u><u>\$ (123,880)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,642,889</u></u>

Depreciation of \$123,880 was charged to physical environment.

NOTE E – LONG-TERM DEBT

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

Long-term debt at October 1, 2015	\$ 30,088,000
Principal payments	<u>(54,000)</u>
Bond payable, September 30, 2016	<u><u>\$ 30,034,000</u></u>

City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE E – LONG-TERM DEBT (CONTINUED)

Special Assessment Revenue Bonds

On March 1, 2015, the Series 2005 and Series 2007 Special Assessment Revenue Bonds were bifurcated into Series 2005A, 2007A, 2015-05A and 2015-07A.

Series 2005A Special Assessment Revenue Bonds, \$12,595,000, due in annual principal installments beginning May 2015. Interest at a rate of 6.125% is due May 1, and November 1, beginning May 2015. Bond 2005A is a nonperforming bond. \$ 12,595,000

Series 2007A Special Assessment Revenue Bonds, \$15,060,000, due in annual principal installments beginning May 2015. Interest at a rate of 6.000% is due May 1, and November 1, beginning May 2015. Bond 2007A is a nonperforming bond. 15,060,000

Series 2015-05A Special Assessment Revenue Bonds, \$1,105,000, due in annual principal installments beginning May 2015. Interest at a rate of 6.125% is due May 1, and November 1, beginning May 2015. 1,054,000

Series 2015-07A Special Assessment Revenue Bonds, \$1,380,000, due in annual principal installments beginning May 2015. Interest at a rate of 6.000% is due May 1, and November 1, beginning May 2015. 1,325,000

Bonds payable \$ 30,034,000

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

Year Ending September 30,	Principal	Interest	Total
2017	\$ 1,868,000	\$ 1,819,101	\$ 3,687,101
2018	742,000	1,705,874	2,447,874
2019	790,000	1,660,898	2,450,898
2020	839,000	1,613,015	2,452,015
2021	893,000	1,562,159	2,455,159
2022-2026	5,367,000	6,928,708	12,295,708
2027-2031	7,268,000	5,085,133	12,353,133
2032-2036	9,828,000	2,591,721	12,419,721
2037-2038	2,439,000	221,639	2,660,639
Totals	<u>\$ 30,034,000</u>	<u>\$ 23,188,248</u>	<u>\$ 53,222,248</u>

**City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE E – LONG-TERM DEBT (CONTINUED)

Summary of Significant Bonds Resolution Terms and Covenants

Special Assessment Revenue Bonds, Series 2005A, 2007A, 2015(05A), and 2015(07A)

Depository Funds - The bond indentures establish certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Funds - The 2005A, 2007A, 2015(05A), and 2015(07A) Reserve Accounts are funded from the proceeds of the Series 2005 Bonds and the Series 2007 Bonds. The indenture amendments relating to the Bond bifurcation establish a \$50,000 reserve requirement in each of the four reserve accounts. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture. The debt service requirements were not met at September 30, 2016:

	Reserve Balance	Reserve Requirement
Series 2005A Special Assessment Revenue Bond	\$ 48,299	\$ 50,000
Series 2007A Special Assessment Revenue Bond	39,112	50,000
Series 2015(05A) Special Assessment Revenue Bond	50,000	50,000
Series 2015(07A) Special Assessment Revenue Bond	50,000	50,000

NOTE F – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

NOTE G – PRIOR PERIOD ADJUSTMENT

Net position and matured interest payable were restated as of October 1, 2015 to properly reflect matured interest payable for prior periods as follows:

Net position, October 1, 2015 as previously reported	\$ (13,918,745)
Prior period interest expense	<u>(464,925)</u>
Net Position October 1, 2015, Restated	<u>\$ (14,383,670)</u>
Matured interest payable, October 1, 2015 as previously reported	\$ (7,160,768)
Prior period interest expense	<u>(464,925)</u>
Matured Interest Payable October 1, 2015, Restated	<u>\$ (7,625,693)</u>

City Center Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE H – SUBSEQUENT EVENTS

In March 2017, the bondholders closed on the sale of certain property owned by the SPE. As part of that sale, the bondholders instructed the Trustee to do certain things including the following that affected the District:

1. Deposit \$1,466 in the Series 2005A Debt Service Reserve Account and \$10,843 in the Series 2007A Debt Service Reserve Account to have at least \$50,000 on deposit in each account.
2. Pay \$3,600,298 in delinquent and unpaid interest on the Series 2005A Bonds.
3. Pay \$4,400,364 in delinquent and unpaid interest on the Series 2007A Bonds.
4. Agreed to tender and cancel \$3,275,000 in principal amount of the Series 2005A Bonds, reflecting the closest to but not less than the principal amount associated with the property sold.
5. Agreed to tender and cancel \$3,920,000 in principal amount of the series 2007A Series Bonds reflecting the closest to but not less than the principal amount associated with the property sold.



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**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
City Center Community Development District
Polk County, Florida

We have audited the financial statements of City Center Community Development District as of and for the year ended September 30, 2016, and have issued our report thereon dated June 21, 2017. 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.

Internal Control Over Financial Reporting

Management of City Center Community Development District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City Center Community Development District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City Center Community Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City Center Community Development 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Supervisors
City Center Community Development District

Compliance and Other Matters

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

We noted certain matters that we reported to management of City Center Community Development District in a separate letter dated June 21, 2017.

This report is intended solely for the information and use of the Board of Supervisors, Management, others within the entity and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than those specified parties.

*Berger, Toombs, Elam,
Gaines & Frank*

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

June 21, 2017



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MANAGEMENT LETTER

To the Board of Supervisors
City Center Community Development District
Polk County, Florida

Report on the Financial Statements

We have audited the financial statements of City Center Community Development District as of and for the year ended September 30, 2016, and have issued our report thereon dated June 21, 2017.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, Section 601 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated June 21, 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 address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. Prior audit findings are included in the following.

Findings and Recommendations

2015-01 / 2014-01 / 2013-01 / 2012-01 – Failure to Meet Debt Service Reserve Account Requirements

Finding - The District did not adequately meet the reserve requirement on the Series 2005A and 2007A Special Assessment Revenue Bonds as set forth in the Trust Indenture.

Recommendation - The District should make the necessary arrangements to ensure funds are available to make debt service payments.

Management Response – Management expected to meet reserve requirement with the sale of certain property in March 2017 and payment of bond outstanding balances.

To the Board of Supervisors
City Center Community Development District

2015-01 / 2014-01 / 2013-01 / 2012-01 – Failure to Meet Debt Service Reserve Account Requirements (Continued)

Current Status: The Series 2005A and 2007A Special Assessment Revenue Bonds reserve requirements still have not been met.

2015-02 / 2014-02 / 2013-02 / 2012-02 – Financial Condition Assessment

Finding – The district has a net position deficit, and net governmental funds balance deficit.

Recommendation - The District should utilize all remedies available to alleviate deteriorating financial conditions.

Management Response – The District has taken all available action to improve its financial condition. With the Bonds exchange transaction in 2015, the receipt of funding enabled the District to bring current its General Fund accounts payable, and settled all previous lawsuits. Additionally, certain property has been sold in March 2017 and the proceeds are to be applied as payments on nonperforming bond outstanding balances.

Current Status: This finding has not been completely corrected as of September 30, 2016. The District's bonds were bifurcated into performing and non-performing portions. The District resumed making debt service payments on the performing portion of the bonds and entered into a forbearance agreement for the non-performing portion of the bonds.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not City Center 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 City Center Community Development District did meet one of the conditions described in Section 218.503(1), Florida Statutes in that the District did not make certain scheduled debt service payments. The District's bonds were bifurcated in the current year into performing and nonperforming portions. Debt service payments were made on the performing portions of the bonds, and the District entered into a forbearance agreement for the principal payments on the nonperforming portions. However, interest payments on the nonperforming portion of the District's bonds were not made.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that City Center Community Development District complied with Section 218.415, Florida Statutes.

To the Board of Supervisors
City Center Community Development District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures. It is management's responsibility to monitor the City Center Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City Center 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 did not have any such recommendations.

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

*Berger Toombs Elam
Gaines & Frank*

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

June 21, 2017



Berger, Toombs, Elam,
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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
City Center Community Development District
Polk County, FL

We have examined City Center Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2016. Management is responsible for City Center Community Development District's compliance with those requirements. Our responsibility is to express an opinion on City Center Community Development District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about City Center Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on City Center Community Development District's compliance with the specified requirements.

In our opinion, City Center Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2016.

*Berger, Toombs, Elam,
Gaines & Frank*

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June 21, 2017