

**Silverleaf Community
Development District**

FINANCIAL STATEMENTS

September 30, 2016



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September 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 30, 2017



Management's Discussion And Analysis

Silverleaf Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Silverleaf Community Development District's 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 financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2016, the assets of the District exceeded its liabilities by approximately \$717,000.
- During the fiscal year ended September 30, 2016, the District incurred approximately \$480,000 of interest expenditures and repaid \$820,000 of outstanding long-term bond principal. In addition, the District established infrastructure of approximately \$671,000.

USING THE ANNUAL REPORT

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

Reporting the District as a Whole

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

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

Silverleaf Community Development District Management's Discussion and Analysis

Reporting the District's Most Significant Funds

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

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

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

<i>September 30,</i>	2016	2015	Change
Assets			
Current and other assets	\$ 1,647,348	\$ 2,114,096	\$ (466,748)
Capital assets, net	5,931,608	5,260,918	670,690
Total assets	\$ 7,578,956	\$ 7,375,014	\$ 203,942
Liabilities			
Current liabilities	\$ 680,410	\$ 522,998	\$ 157,412
Other liabilities	6,181,300	7,019,152	(837,852)
Total liabilities	6,861,710	7,542,150	(680,440)
Deferred inflows of resources			
Deferred revenue	-	11,745	(11,745)
Total deferred inflows of resources	-	11,745	(11,745)
Net position			
Net investment in capital assets	572,588	(219,065)	791,653
Restricted for:			
Debt service	131,152	57,330	73,822
Unrestricted	13,506	(17,146)	30,652
Total net position (deficit)	717,246	(178,881)	896,127
Total liabilities, deferred inflows of resources, and net position	\$ 7,578,956	\$ 7,375,014	\$ 203,942

Silverleaf Community Development District Management's Discussion and Analysis

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

During the fiscal year ended September 30, 2016, total assets increased from the prior year by approximately \$204,000, while liabilities decreased from the prior year by approximately \$680,000. The increase in assets is primarily due to the increase in capital assets. The decrease in liabilities is primarily due to payments made on long-term debt during the current year.

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

<i>Year ended September 30,</i>	2016	2015	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,453,316	\$ 1,069,897	\$ 383,419
Grants and contributions	1,373	497	876
Total revenues	1,454,689	1,070,394	384,295
Expenses:			
General government	56,831	54,754	2,077
Maintenance and operations	41,807	60,010	(18,203)
Interest	459,924	510,893	(50,969)
Total expenses	558,562	625,657	(67,095)
Change in net position	896,127	444,737	451,390
Net position (deficit), beginning	(178,881)	(623,618)	444,737
Net position (deficit), ending	\$ 717,246	\$ (178,881)	\$ 896,127

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

Revenues increased by approximately \$384,000 and expenses decreased by approximately \$67,000. The increase in revenues is primarily due to prepayments associated with the sale of individual lots. The decrease in expenses is mainly due to the decrease in maintenance related costs as a result of more favorable contract prices during the current year as well as reduced interest expense as debt is paid down. The overall result was an \$896,127 increase in net position for fiscal year 2016.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of \$1,211,152, which is a decrease from last year's balance that totaled \$1,825,885. Significant transactions are discussed below.

Silverleaf Community Development District Management's Discussion and Analysis

- During the fiscal year ended September 30, 2016, the District incurred approximately \$480,000 of interest and repaid principal of \$820,000.
- During the fiscal year ended September 30, 2016, the District established infrastructure of approximately \$671,000.

The overall decrease in fund balance for the year ended September 30, 2016 totaled \$614,733.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2016, the District had approximately \$5.9 million invested in capital assets (net of accumulated depreciation). This amount represents a net increase of approximately \$671,000 over the fiscal year 2015 total.

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

<i>September 30,</i>	2016	2015	Change
Capital assets not being depreciated	\$ 5,931,608	\$ 5,260,918	\$ 670,690
Net capital assets	\$ 5,931,608	\$ 5,260,918	\$ 670,690

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

Debt

At September 30, 2016, the District had approximately \$6.3 million of bonds outstanding. This amount represents a decreased of \$820,000 from the fiscal year 2015 total.

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

<i>September 30,</i>	2016	2015	Change
Capital Improvement Revenue Bonds:			
Series 2014 A-1	\$ 3,125,000	\$ 3,840,000	\$ (715,000)
Series 2014 A-2	3,185,000	3,290,000	(105,000)
	\$ 6,310,000	\$ 7,130,000	\$ (820,000)

More information about the District's long-term debt is presented in Note 4 to the financial statements.



Silverleaf Community Development District Management's Discussion and Analysis

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the General Fund, including the original budget and final adopted budget, is shown at page 23.

The District experienced favorable variances in revenues and expenses as compared to the budget in the amount of \$6,821 and \$22,837, respectively. The variances occurred primarily due to anticipated operating expenditures, such as district counsel and landscape maintenance, that were not incurred during the year.

FUTURE FINANCIAL FACTORS

Silverleaf Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. For fiscal year 2017, the Developer has agreed to fund the operations of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Silverleaf Community Development District's management company at 12051 Corporate Blvd., Orlando, Florida 32817.



Basic Financial Statements

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

<i>September 30,</i>	2016
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,603,916
Accounts receivable	31,455
Interest receivable	129
Prepaid expenses	11,848
Capital assets:	
Not being depreciated	5,931,608
Total assets	7,578,956
Liabilities	
Accounts payable	387,874
Retainage payable	48,322
Accrued interest payable	174,214
Non-current liabilities:	
Due within one year	70,000
Due in more than one year	6,181,300
Total liabilities	6,861,710
Net position	
Net investment in capital assets	572,588
Restricted for:	
Debt service	131,152
Unrestricted	13,506
Total net position	\$ 717,246

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

Silverleaf Community Development District Statement of Activities

Year ended September 30,

2016

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	<u>Net (Expense) Revenue and Changes in Net Position</u>
Primary government:						
Governmental activities:						
General government	\$ (56,831)	\$ 73,919	\$ -	\$ -	\$ 17,088	
Maintenance and operations	(41,807)	54,377	-	-	12,570	
Interest	(459,924)	1,325,020	406	967	866,469	
Total governmental activities	\$ (558,562)	\$ 1,453,316	\$ 406	\$ 967	896,127	
						896,127
						(178,881)
						\$ 717,246

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

Silverleaf Community Development District Balance Sheet – Governmental Funds

September 30,

2016

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 25,529	\$ 548,058	\$ 1,030,329	\$ 1,603,916
Accounts receivable	259	31,196	-	31,455
Interest receivable	-	37	92	129
Prepaid expenditures	11,848	-	-	11,848
Due from other funds	-	1,422	-	1,422
Total assets	\$ 37,636	\$ 580,713	\$ 1,030,421	\$ 1,648,770
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 4,556	\$ -	\$ 383,318	\$ 387,874
Retainage payable	-	-	48,322	48,322
Due to other funds	1,422	-	-	1,422
Total liabilities	5,978	-	431,640	437,618
Fund balances				
Nonspendable	11,848	-	-	11,848
Restricted for debt service	-	580,713	-	580,713
Restricted for capital projects	-	-	598,781	598,781
Unassigned	19,810	-	-	19,810
Total fund balances	31,658	580,713	598,781	1,211,152
Total liabilities and fund balances	\$ 37,636	\$ 580,713	\$ 1,030,421	\$ 1,648,770

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

**Silverleaf Community Development District
Reconciliation of the Balance Sheet to the Statement of Net Position**

<u>September 30,</u>	<u>2016</u>
Total fund balances, governmental funds	\$ 1,211,152
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	5,931,608
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund financial statements.	(6,425,514)
<u>Total net position - governmental activities</u>	<u>\$ 717,246</u>

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

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

Year ended September 30,

2016

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Assessments	\$ 116,291	\$ 266,598	\$ -	\$ 382,889
Prepaid assessments	-	1,058,422	-	1,058,422
Developer contributions	11,745	-	-	11,745
Interest and other revenues	260	406	967	1,633
Total revenues	128,296	1,325,426	967	1,454,689
Expenditures				
Current:				
General government	56,831	-	-	56,831
Maintenance and operations	41,807	-	-	41,807
Debt service:				
Principal	-	820,000	-	820,000
Interest	-	480,094	-	480,094
Capital outlay	-	-	670,690	670,690
Total expenditures	98,638	1,300,094	670,690	2,069,422
 Net change in fund balances	 29,658	 25,332	 (669,723)	 (614,733)
 Fund balances, beginning of year	 2,000	 555,381	 1,268,504	 1,825,885
 Fund balances, end of year	 \$ 31,658	 \$ 580,713	 \$ 598,781	 \$ 1,211,152

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

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

<i>Year ended September 30,</i>	2016
Net change in fund balances - governmental fund	\$ (614,733)
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Position.	670,690
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.	820,000
Amortization of original issue discount is not recognized in the governmental fund statements but is reported as an expense in the Statement of Activities.	(2,148)
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	22,318
Change in net position of governmental activities	\$ 896,127

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

Silverleaf Community Development District Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

The Silverleaf Community Development District (the “District”) was established on December 7, 2007 pursuant to the Uniform Community Development Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Manatee County Ordinance No. 06-32. The District has among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. All of the Supervisors are currently affiliated with the Developer of the District, Resource Conservation of Manatee, LLC. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Allocating and levying special assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB) in statements No. 14 and No. 61. Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

Silverleaf Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2016, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

Silverleaf Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major governmental funds:

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Fund – The Capital Projects Fund accounts for the financial resources to be used in the acquisition or construction of major infrastructure within the District to be financed with the bonds that were issued in fiscal year 2014.

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

For the year ended September 30, 2016, the District does not report any proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Cash, Deposits and Investments

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

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

Silverleaf Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

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

Property, plant and equipment of the primary government will be depreciated using the straight-line method over the estimated useful lives. Estimated lives for financial reporting purposes once will be determined with items are placed into service.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item at September 30, 2016.

In addition to liabilities, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item at September 30, 2016.

Silverleaf Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

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

Estimates

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

Fund Equity

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

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

Silverleaf Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

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

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

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. All significant changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 3: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2016:

	Beginning Balance	Additions	Transfers and Conveyances	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated</i>				
Infrastructure under construction	\$ 5,260,918	\$ 670,690	\$ -	\$ 5,931,608
Governmental activities capital assets, net	\$ 5,260,918	\$ 670,690	\$ -	\$ 5,931,608

The total projected cost of the infrastructure improvements has been estimated at \$6.5 million. These amounts were to be funded with proceeds from Series 2014 bonds.

Silverleaf Community Development District Notes to Financial Statements

NOTE 4: BONDS PAYABLE

On January 24, 2014, the District issued \$7,570,000 of Capital Improvement Revenue Bonds, Series 2014 consisting of \$4,195,000 Series 2014A-1 Bonds and \$3,375,000 of Series 2014A-2 Bonds with interest rates from 6.50% to 7% and 6.75%, respectively. These bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1. Principal payments on the Series 2014A-1 Bonds are made serially commencing on May 1, 2015 through May 1, 2044. Principal payments on the Series 2014A-2 Bonds are made serially commencing on May 1, 2017 through May 1, 2044.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedure to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the bond indenture.

The Bond Indenture requires that the District maintain adequate funds in the reserve account to meet the debt service reserve requirement as defined in the Indenture. The District was in compliance with the requirements at September 30, 2016.

The balance of the long-term bonds at September 30, 2016 is summarized as follows:

<i>September 30,</i>	2016
Bond principal balance	\$ 6,310,000
Less unamortized bond discount	(58,700)
Net balance	\$ 6,251,300

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2014 A-1	\$ 3,840,000	\$ -	\$ 715,000	\$ 3,125,000	\$ 35,000
Series 2014 A-2	3,290,000	-	105,000	3,185,000	35,000
	\$ 7,130,000	\$ -	\$ 820,000	\$ 6,310,000	\$ 70,000

Silverleaf Community Development District Notes to Financial Statements

NOTE 4: BONDS PAYABLE (Continued)

At September 30, 2016, the scheduled debt service requirements on long-term debt were as follows:

<i>Year Ending September 30,</i>	Principal	Interest	Total Debt Service
2017	\$ 70,000	\$ 418,113	\$ 488,113
2018	80,000	413,475	493,475
2019	90,000	408,175	498,175
2020	90,000	402,213	492,213
2021	100,000	396,250	496,250
2022 - 2026	610,000	1,798,344	2,408,344
2027 - 2031	890,000	1,680,244	2,570,244
2032 - 2036	1,230,000	1,343,100	2,573,100
2037 - 2041	1,735,000	891,250	2,626,250
2042 - 2044	1,415,000	232,163	1,647,163
	\$ 6,310,000	\$ 7,983,325	\$ 14,293,325

NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. As of the date of this report, the District has not filed any claims against this commercial coverage.

NOTE 6: MANAGEMENT COMPANY

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



Silverleaf Community Development District Notes to Financial Statements

NOTE 7: CONCENTRATION

A significant portion of the District's future activity is dependent upon the continued involvement of the Developer, Resource Conservation of Manatee, LLC., the loss of which could have a material adverse effect on the District's operations.

The District directly assessed the Developer approximately \$107,000 for operations and maintenance as well as approximately \$261,000 for debt service costs on property owned within the District's boundaries. In addition, the Developer contributed approximately \$12,000 to the general fund.

NOTE 8: COMMITMENTS

As of September 30, 2016, the District had open contract commitments of approximately \$243,000 for an ongoing construction project.



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

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

Year ended September 30,

2016

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Assessments	\$ 121,475	\$ 116,291	\$ (5,184)
Developer contributions	-	11,745	11,745
Interest and other revenues	-	260	260
Total revenues	121,475	128,296	6,821
Expenditures			
General government	68,925	56,831	12,094
Maintenance and operations	52,550	41,807	10,743
Total expenditures	121,475	98,638	22,837
Excess of revenues over expenditures	\$ -	\$ 29,658	\$ 29,658



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**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
Silverleaf 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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Silverleaf Community Development District (hereinafter referred to as the "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, and have issued our report thereon dated June 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency identified as IC2016-001 on the following page to be a material weakness.

IC2016-001: Construction Retainage Payable

- Condition: As part of our audit procedures, we identified approximately \$16,000 of construction retainage payable that was not accrued on the District's financial statements as of September

30, 2016 even though the work was performed prior to year-end.

- Criteria: Internal controls relating to the annual financial close process should be in place to provide reasonable assurance that payables and the related expenditures are appropriate and properly accrued.
- Cause: The retainage payable was from one specific payment application and appears to have been overlooked when District staff was preparing its annual financial report.
- Effect: Construction retainage payable and related expenditures on the financial statements were understated by approximately \$16,000.
- Recommendation: We recommend the District review construction vendor activity within a reasonable timeframe from year-end to ensure that all applicable contract liabilities are identified and recorded. This is particularly important when an active infrastructure construction project is in process.
- Management Response: The District has already taken further steps to insure that this oversight is avoided in the future.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 30, 2017



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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Silverleaf Community Development District ("District") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 30, 2017.

Auditors' Responsibility

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

Other 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 this report, which is dated June 30, 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. IC2015-001 from the preceding annual audit report was not corrected in the current year.

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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 the 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.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined Silverleaf Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, 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 management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 30, 2017