

**PIONEER  
COMMUNITY DEVELOPMENT DISTRICT  
CITY OF PORT ORANGE, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**

**PIONEER COMMUNITY DEVELOPMENT DISTRICT  
CITY OF PORT ORANGE, FLORIDA**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Pioneer Community Development District  
City of Port Orange, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Pioneer Community Development District, City of Port Orange, Florida (the "District") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the District as of September 30, 2015, and the respective changes in financial position, thereof for the fiscal year then ended in 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

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

We have also issued our report dated June 28, 2016, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

June 28, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$2,476,669.
- The change in the District's total net position was \$2,112,890 an increase in comparison with the prior fiscal year. The key components of the District's net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2015, the District's governmental funds reported combined ending fund balances of (\$40,163), a decrease in the deficit of \$408,364 in comparison with the prior fiscal year.

### OVERVIEW OF FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities, with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements include all governmental activities that are principally supported by Developer contributions and intergovernmental revenue. The District does not have any business-type activities. The governmental activities of the District include the general government (management) function.

#### Fund Financial Statements

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

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### Governmental Funds

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

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

The District maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, which are both considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	NET POSITION SEPTEMBER 30,	
	2015	2014
Current and other assets	\$ 1,212,804	\$ 100,661
Capital assets, net of depreciation	2,551,584	906,199
Total assets	<u>3,764,388</u>	<u>1,006,860</u>
Current liabilities	1,252,967	549,188
Long-term liabilities	34,752	93,893
Total liabilities	<u>1,287,719</u>	<u>643,081</u>
Net position		
Net investment in capital assets	2,470,923	812,306
Unrestricted	5,746	(448,527)
Total net position	<u>\$ 2,476,669</u>	<u>\$ 363,779</u>

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure). These assets are used to provide services to residents; consequently, these assets are not available for future spending.

The District's net position increased as a result of the intergovernmental revenue from the County to be used for the construction project.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

CHANGES IN NET POSITION FOR THE FISCAL YEAR END SEPTEMBER 30,		
	2015	2014
Revenues:		
Program revenues		
Operating grants and contributions	\$ 25,104	\$ 20,586
General revenues	2,112,890	
Total revenues	<u>2,137,994</u>	<u>20,586</u>
Expenses:		
General government	25,104	20,586
Total expenses	<u>25,104</u>	<u>20,586</u>
Change in net position	2,112,890	-
Net position, beginning	363,779	363,779
Net position, ending	<u>\$ 2,476,669</u>	<u>\$ 363,779</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2015 was \$25,104. Program revenues are comprised of Developer contributions. The majority of the increase in general revenues is the result of revenues from the County related to the extension of Williamson Boulevard in the current year.

### GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors.

### CAPITAL ASSETS

At September 30, 2015, the District had \$2,551,584 invested in construction in progress, for its governmental activities. More detailed information about the District's capital assets is presented in the notes of the financial statements.

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

For the subsequent fiscal year, the District anticipates that the cost of general operations will remain fairly constant. The District expects activity to continue in its capital projects fund in relation to an extension of Williamson Boulevard. Once completed, the work product will be conveyed to the County. The County has agreed to reimburse the District for the project expenses as tasks specified in the agreement are completed.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

**PIONEER COMMUNITY DEVELOPMENT DISTRICT  
CITY OF PORT ORANGE, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 681
Due from Developer	26,157
Due from other governments	1,180,044
Prepaid items	5,922
Capital assets:	
Nondepreciable	2,551,584
Total assets	3,764,388
 <b>LIABILITIES</b>	
Accounts payable	1,898
Contracts and retainage payable	1,244,546
Unearned revenue	6,523
Non-current liabilities:	
Due in more than one year	34,752
Total liabilities	1,287,719
 <b>NET POSITION</b>	
Net investment in capital assets	2,470,923
Unrestricted	5,746
Total net position	\$ 2,476,669

See notes to the financial statements

**PIONEER COMMUNITY DEVELOPMENT DISTRICT  
CITY OF PORT ORANGE, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		Operating Grants and Contributions	Governmental Activities
Primary government:			
Governmental activities:			
General government	\$ 25,104	\$ 25,104	\$ -
Total governmental activities	<u>25,104</u>	<u>25,104</u>	<u>-</u>
General revenues:			
			2,112,890
Intergovernmental revenue			<u>2,112,890</u>
Total general revenues			<u>2,112,890</u>
Change in net position			2,112,890
Net position - beginning			<u>363,779</u>
Net position - ending			<u><u>\$ 2,476,669</u></u>

See notes to the financial statements

**PIONEER COMMUNITY DEVELOPMENT DISTRICT  
CITY OF PORT ORANGE, FLORIDA  
BALANCE SHEET  
SEPTEMBER 30, 2015**

	Major Funds		Total Governmental Funds
	General	Capital Projects	
<b>ASSETS</b>			
Cash	\$ 681	\$ -	\$ 681
Due from other governments	-	1,180,044	1,180,044
Due from Developer	1,485	24,672	26,157
Prepaid items and deposits	5,922	-	5,922
Total assets	<u>\$ 8,088</u>	<u>\$ 1,204,716</u>	<u>\$ 1,212,804</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,898	\$ -	\$ 1,898
Contracts and retainage payable	-	1,244,546	1,244,546
Unearned revenue	444	6,079	6,523
Total liabilities	<u>2,342</u>	<u>1,250,625</u>	<u>1,252,967</u>
Fund balances:			
Nonspendable:			
Prepaid items	5,922	-	5,922
Unassigned	(176)	(45,909)	(46,085)
Total fund balances	<u>5,746</u>	<u>(45,909)</u>	<u>(40,163)</u>
Total liabilities and fund balances	<u>\$ 8,088</u>	<u>\$ 1,204,716</u>	<u>\$ 1,212,804</u>
Fund balance - governmental funds			\$ (40,163)

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation, in the assets of the government as a whole.

Cost of capital assets	2,551,584
Accumulated depreciation	-

Governmental funds report Developer advances as financial resources when received whereas these amounts are eliminated in the statement of activities and recognized as a liability in the statement of net position.

	<u>(34,752)</u>
Net position of governmental activities	<u>\$ 2,476,669</u>

See notes to the financial statements

**PIONEER COMMUNITY DEVELOPMENT DISTRICT  
CITY OF PORT ORANGE, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**

	Major Fund		Total Governmental Funds
	General	Capital Projects	
<b>REVENUES</b>			
Developer contributions	\$ 25,104	\$ -	\$ 25,104
Intergovernmental	-	2,112,890	2,112,890
Total revenues	<u>25,104</u>	<u>2,112,890</u>	<u>2,137,994</u>
<b>EXPENDITURES</b>			
Current:			
General government	25,104	-	25,104
Debt Service:			
Principal		1,017,656	1,017,656
Capital outlay	-	1,645,385	1,645,385
Total expenditures	<u>25,104</u>	<u>2,663,041</u>	<u>2,688,145</u>
Excess (deficiency) of revenues over (under) expenditures	-	(550,151)	(550,151)
<b>OTHER FINANCING SOURCES</b>			
Developer Advance	-	958,515	958,515
Total other financing sources	<u>-</u>	<u>958,515</u>	<u>958,515</u>
Net change in fund balances	-	408,364	408,364
Fund balances - beginning	<u>5,746</u>	<u>(454,273)</u>	<u>(448,527)</u>
Fund balances - ending	<u>\$ 5,746</u>	<u>\$ (45,909)</u>	<u>\$ (40,163)</u>

See notes to the financial statements

**PIONEER COMMUNITY DEVELOPMENT DISTRICT  
CITY OF PORT ORANGE, FLORIDA  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**

Net change in fund balances - total governmental funds	\$	408,364
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report Developer advances as financial resources when cash is received, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.		(958,515)
Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.		1,017,656
Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.		<u>1,645,385</u>
Change in net position of governmental activities	\$	<u><u>2,112,890</u></u>

See notes to the financial statements

**PIONEER COMMUNITY DEVELOPMENT DISTRICT  
CITY OF PORT ORANGE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

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

Pioneer Community Development District ("District") was established on July 5, 2006 by Rule Ch. 42BBB-1, Florida Administrative Code by the Florida Land and Water Adjudicatory Commission. The District exists under the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

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

The Board has the responsibility for:

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

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as general revenues.

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

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

### **Assessments**

Assessments are non-ad valorem assessments on benefited property within the District. Operating and maintenance assessments are based upon the adopted budget and levied annually at a public hearing of the District. The District may collect assessments directly or utilize the uniform method of collection under Florida Statutes. Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by the County Tax Collector on November 1 and due on or before March 31 of each year.

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

The District reports the following major governmental funds:

### **General Fund**

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

### **Capital Projects Fund**

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

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

#### **Restricted Assets**

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

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

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

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes.

The District may invest any surplus public funds in the following:

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

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

#### Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

No depreciation has been taken in the current year as the District only has infrastructure under construction.

#### Unearned Revenue

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

#### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issue costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing 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.

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

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

#### Deferred Outflows/Inflows of Resources

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

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

#### Fund Equity/Net position

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

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

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

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

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

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

### **Other Disclosures**

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### NOTE 3 – BUDGETARY INFORMATION

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

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

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

### NOTE 4 – CASH

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

### NOTE 5 – CONCENTRATION

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

### NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Construction in progress	\$ 906,199	\$ 1,645,385	\$ -	\$ 2,551,584
Total capital assets, not being depreciated	906,199	1,645,385	-	2,551,584
Governmental activities capital assets, net	\$ 906,199	\$ 1,645,385	\$ -	\$ 2,551,584

The District began a project to extend Williamson Boulevard. The County has agreed to fund costs of \$9.8 million of the project. Any excess costs, will be paid by the Developer. See Note 8 for more information.

**NOTE 7 – DEVELOPER TRANSACTIONS AND COMMITMENTS**

**Developer Contributions**

The Developer has agreed to fund the general operations of the District. In connection with that agreement, Developer contributions reflected in the general fund for the fiscal year ended September 30, 2015 were \$25,104.

**Advances**

During the prior fiscal year, the District received 32.10 Mitigation Credits (Credits) from the Miami Corporation, the Owner of Farmton Mitigation Bank (Seller) for the Williamson Blvd South Extension project. The Credits are to be used to offset wetland impacts associated with the project application with the St. Johns River Water Management District (SJRWMD). The total purchase price for the 32.10 credits is \$938,925 which is based on a price of \$29,250 per credit.

During the prior year, the Developer advanced \$93,893 for the down payment of the Credits. The amount was considered an advance. During the current year the Developer made additional advances totaling \$958,515 which included the remaining balance required on the Credits and was reimbursed \$1,017,656. The reimbursement includes \$938,925 for the Credits and other reimbursements of \$78,731. The changes in the amounts owed to the Developer are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Developer advances	\$ 93,893	\$ 958,515	\$ (1,017,656)	\$ 34,752	\$ -
Total	\$ 93,893	\$ 958,515	\$ (1,017,656)	\$ 34,752	\$ -

**NOTE 8 – INTERLOCAL AGREEMENTS**

**City of Port Orange**

In a prior year, the City of Port Orange purchased a significant piece of land within the District’s boundaries. The District has an interlocal agreement with the City whereby the parties agreed that the District would not levy assessments on property owned by the City so long as such property is owned by the City or any other governmental entity, regardless of the uses to which that property is put.

**County of Volusia – Williamson Boulevard Extension Project**

On September 20, 2013, the District entered into an agreement with the County and the Developer, whereby the District agreed to assume the sole responsibility for the design, engineering and construction of a project to extend Williamson Boulevard. The County agreed to pay the District \$9.8 million for the project in installments based on completion of certain tasks. The project is expected to cost more than \$9.8 million. The Developer has agreed to fund the costs that exceed the \$9.8 million payable by the County. The District incurred \$260,796 of preliminary expenses during the fiscal year ended September 30, 2014 in relation to the extension of Williamson Boulevard which have been recorded in the capital projects fund. During the current fiscal year the District received \$2,112,890 of reimbursements for construction costs incurred. As of September 30, 20215, the District has received \$2,481,890. The Developer owns the lands upon which the Project is to be constructed and will convey certain lands to the District. Subsequent to the fiscal year end, on October 23, 2015, the Developer conveyed this land to the District.

**NOTE 9 – DEFICIT FUND EQUITY**

At September 30, 2015, the District has a deficit fund balance in the capital projects fund of (\$45,909). The deficit is expected to be eliminated in a subsequent period by funds from the County to pay for the Williamson Boulevard extension project.

#### **NOTE 10 – MANAGEMENT COMPANY**

The District has contracted with a management company to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

#### **NOTE 11 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and environmental remediation. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There have been no claims from these risks that exceeded commercial insurance coverage over the past three years.

#### **NOTE 12 - SUBSEQUENT EVENTS**

**City of Port Orange - Joint Project Agreement** On October 6, 2015, the District entered into an agreement with the City of Port Orange (the "City"), whereby On September 20, 2013, the District entered into an agreement with the County and the Developer, whereby the District agreed to assume the responsibility for the construction of the City's portion of a project to make adjustments to the City's existing potable water lines, reclaimed water lines and force main ("City Utility Work") to avoid conflicts with a District project to extend South Williamson Boulevard. The City has agreed to pay for all costs incurred for the City Utility Work portion of the project and the District has agreed to pay all costs incurred for the District's portion of this project. The City agreed to provide a cash payment to the District in advance to fully fund the estimated cost of City Utility Work in the amount of \$181,275.

**PIONEER COMMUNITY DEVELOPMENT DISTRICT  
CITY OF PORT ORANGE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**

	Budgeted Amounts <u>Original &amp; Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Developer revenue	\$ 37,025	\$ 25,104	\$ (11,921)
Total revenues	37,025	25,104	(11,921)
<b>EXPENDITURES</b>			
Current:			
General government	37,025	25,104	11,921
Total expenditures	37,025	25,104	11,921
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	\$ -
Fund balance - beginning		5,746	
Fund balance - ending		\$ 5,746	

See notes to required supplementary information

**PIONEER COMMUNITY DEVELOPMENT DISTRICT  
CITY OF PORT ORANGE, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors.



**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  
Pioneer Community Development District  
City of Port Orange, 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 Pioneer Community Development District, City of Port Orange, Florida ("District") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 28, 2016.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

June 28, 2016



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

To the Board of Supervisors  
Pioneer Community Development District  
City of Port Orange, Florida

We have examined Pioneer Community Development District, City of Port Orange, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2015. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

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

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

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Pioneer Community Development District, City of Port Orange, Florida and is not intended to be and should not be used by anyone other than these specified parties.

June 28, 2016



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

To the Board of Supervisors  
Pioneer Community Development District  
City of Port Orange, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of Pioneer Community Development District, City of Port Orange, Florida ("District") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 28, 2016.

**Auditor's Responsibility**

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

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 28, 2016, should be considered in conjunction with this management letter.

**Purpose of this Letter**

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

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

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Supervisors of Pioneer Community Development District, City of Port Orange, Florida and is not intended to be and should not be used by anyone other than these specified parties.

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

June 28, 2016

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

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

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

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

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

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

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

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

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

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

5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2015 financial audit report.

6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2015. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.