One Daytona Community Development District

FINANCIAL STATEMENTS

September 30, 2016

One Daytona Community Development District
Table of Contents
September 30, 2016

REPORT
Independent Auditors' Report 1

FINANCIAL STATEMENTS
Management's Discussion And Analysis (required supplemental information) 3

Basic Financial Statements
Government-Wide Financial Statements

Statement of Net Position 7

Statement of Activities 8

Fund Financial Statements

Balance Sheet – Governmental Funds 9

Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position 10

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 11

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities 12

Notes to Financial Statements 13

Required Supplemental Information (other than MD&A)

Budget to Actual Comparison Schedule - General Fund 15

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* 20

Management Letter 22

Attestation Report on Compliance with Section 218.415 Florida Statutes 24

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
One Daytona Community Development District
Volusia County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of One Daytona 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 our report dated August 9, 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
August 9, 2017

Management’s Discussion And Analysis

Our discussion and analysis of the One Daytona 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 7.

FINANCIAL HIGHLIGHTS

- At September 30, 2016, the liabilities and deferred inflows of resources of the District exceeded its assets by approximately $8,700 (deficit).

- During the year ended September 30, 2016, the District received $12,000,000 from the City of Volusia for the future construction and maintenance of the capital improvement project.

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 7 - 8 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 9. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

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

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

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 9 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. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

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

September 30,	**2016**	**2015**	**Change**
Assets			
Current and other assets	$ 12,007,508	7,491	$ 12,000,017
Total assets	$ 12,007,508	$ 7,491	$ 12,000,017
Liabilities			
Current liabilities	$ 10,947	$ 3,974	$ 6,973
Unearned revenue	12,000,000	-	12,000,000
Total liabilities	12,010,947	3,974	12,006,973
Deferred inflows of resources			
Deferred revenue	5,253	5,150	103
Net position			
Unrestricted (deficit)	(8,692)	(1,633)	(7,059)
Total liabilities, deferred inflows of resources and net position	$ 12,007,508	$ 7,491	$ 12,000,017

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

During the fiscal year ended September 30, 2016, total assets and liabilities both increased by approximately $12,000,000. The increases in both assets and liabilities are primarily due to the funding received by the County of Volusia in regards to the capital improvement project. Any remaining differences are primarily due to timing of developer contributions and vendor payments.

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

Year ended September 30,	2016	2015	Change
Revenues:			
Program revenues:			
Charges for services	$ 53,459	$ 42,203	$ 11,256
Total revenues	53,459	42,203	11,256
Expenses:			
General government	60,518	41,369	19,149
Total expenses	60,518	41,369	19,149
Change in net position	(7,059)	834	(7,893)
Net position, beginning (deficit)	(1,633)	(2,467)	834
Net position, ending (deficit)	$ (8,692)	$ (1,633)	$ (7,059)

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

Revenues and expenses increased in the current year by approximately $11,000 and $19,000. These increases are due to increased operational activities of the District from the prior fiscal year. The overall result was a $7,059 decrease in net position from fiscal year 2016.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 9) reported a combined fund deficit of approximately $9,000, which is a decrease from last year's balance that totaled a deficit of $1,633. Significant transactions are discussed below.

- At September 30, 2016, the liabilities and deferred inflows of resources of the District exceeded its assets by approximately $8,700 (deficit).

- During the year ended September 30, 2016, the District received $12,000,000 from the City of Volusia for the construction and maintenance of the capital improvement project.

The overall decrease in fund balance for the year ended September 30, 2016 totaled approximately $7,000.

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 19.

The District experienced an unfavorable variance in revenues and an favorable variance in expenditures as compared to the budget in the amount of $36,541 and $29,482, respectively. The variances in revenues and expenditures occurred primarily due to the District incurring less in expenses than anticipated, and the related impact on developer funding.

FUTURE FINANCIAL FACTORS

One Daytona 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. Budgeted assessments for fiscal year 2017 were established to provide for 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 One Daytona Community Development District's management company at 12051 Corporate Blvd, Orlando, Florida 32817.

Basic Financial Statements

One Daytona Community Development District
Statement of Net Position

September 30,		**2016**
		Governmental Activities
Assets		
Cash and cash equivalents	$	12,002,255
Prepaid expenses		5,253
Total assets		12,007,508
Liabilities		
Accounts payable		10,947
Unearned revenue		12,000,000
Total liabilities		12,010,947
Deferred inflows of resources		
Deferred revenue		5,253
Total deferred inflows of resources		5,253
Net position (deficit)		
Unrestricted		(8,692)
Total net position (deficit)	$	(8,692)

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

One Daytona Community Development District
Statement of Activities

Year ended September 30, **2016**

Functions/Programs	Expenses	Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary government:					
Governmental activities:					
General government	$ (60,518)	$ 53,459	$ -	$ -	$ (7,059)
Total governmental activities	$ (60,518)	$ 53,459	$ -	$ -	(7,059)
	Change in net position				(7,059)
	Net position (deficit) - beginning of the year				(1,633)
	Net position (deficit) - end of the year				$ (8,692)

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

One Daytona Community Development District
Balance Sheet – Governmental Funds

September 30,		**2016**
		General Fund
Assets		
Cash and cash equivalents	$	12,002,255
Prepaid expenditures		5,253
Total assets	$	12,007,508
Liabilities, deferred inflows of resources and fund balance		
Liabilities		
Accounts payable	$	10,947
Unearned revenue		12,000,000
Total liabilities		12,010,947
Deferred inflows of resources		
Deferred revenue		5,253
Total deferred inflows of resources		5,253
Fund balance		
Nonspendable		5,253
Unassigned		(13,945)
Total fund balance (deficit)		(8,692)
Total liabilities, deferred inflows of resources and fund balance	$	12,007,508

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

One Daytona Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30,		**2016**
Total fund balance (deficit), governmental funds	$	(8,692)
Total net position - governmental activities	$	(8,692)

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

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

Year ended September 30,		**2016**
		General Fund
Revenues		
Developer contributions	$	53,459
Total revenues		53,459
Expenditures		
Current:		
General government		60,518
Total expenditures		60,518
Excess (deficit) of revenues over expenditures		(7,059)
Fund balance (deficit), beginning of year		(1,633)
Fund balance (deficit), end of year	$	(8,692)

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

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

Year ended September 30,		**2016**
Net change in fund balance - governmental funds	$	(7,059)
Change in net position - governmental activities	$	(7,059)

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

NOTE 1: NATURE OF ORGANIZATION

The One Daytona Community Development District (the "District") was established on February 5, 2014 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by City of Daytona Beach. The Act provides, among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by a Board of Supervisors ("Board"), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. Certain supervisors are affiliated with the Developer of the District, Daytona Beach Property Holdings Retail, 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 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.

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.

Developer contributions 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. Certain grant funds have been received in advance and are considered unearned revenue until such time as they are expended as part of the infrastructure construction project.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Cash, Deposits and Investments

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

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

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

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 financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District only has one item, deferred revenues, which qualify for reporting in this category.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

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

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.

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. During the current year, actual expenditures exceeded budget due to unanticipated website expenditures and district counsel fees.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. All budget changes must be approved by the District Board.
E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 3: CONCENTRATION

A significant portion of the District's activity going forward is dependent upon the continued involvement of the Developer, DB Property Holding Retail, LLC, which currently owns the majority of the assessable property located within the District boundaries. The loss of support could potentially have a material adverse effect on the District's operations. During the current year, the Developer contributed $53,459 to the District, which comprises 100% of the District's revenue.

NOTE 4: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has not incurred any losses or received any insurance claims exceeding the commercial coverage in the previous three years.

NOTE 5: 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.

NOTE 6: INTERLOCAL AGREEMENT

During the year, the District entered into agreements with the City of Daytona Beach and Volusia County to receive funding for the construction, operation, and maintenance of a phased high quality, mixed-use retail and entertainment development to be known as "One Daytona". Estimated construction costs for the development total $812,500,000, including estimated public infrastructure costs totaling $52,906,000.

NOTE 6: INTERLOCAL AGREEMENT (Continued)

The City has agreed to make an economic incentive grant payment of $2,000,000 to the District within 30 days after issuance of a construction permit and has agreed for an incentive grant of up to $18,000,000 during the years under the grant period, which includes years 2016-2046. The incentive grants will be based on the increase over the 2013 base year value in the ad valorem real and personal property tax revenues collected on properties located within the District.

The County has agreed to make an initial grant payment of $12,000,000 within 30 days after the issuance of construction permits and has agreed to make a second and final grant payment in the amount of $8,000,000 within 30 days of construction. As of September 30, 2016, the District has received $12,000,000 from the County of Volusia and has reported this funding as Unearned revenue in the Statement of Net Position.

NOTE 7: SUBSEQUENT EVENT

On March 8, 2017, the District received a final grant funding of $8,000,000 from Volusia County pursuant to the terms in the interlocal agreement.

Required Supplemental Information
(Other Than MD&A)

One Daytona Community Development District
Budget to Actual Comparison Schedule – General Fund

Year ended September 30,	2016		
	Original and Final Budget	**Actual Amounts**	**Variance with Final Budget**
Revenues			
Developer contributions	$ 90,000	$ 53,459	$ (36,541)
Total revenues	90,000	53,459	(36,541)
Expenditures			
General government	90,000	60,518	29,482
Total expenditures	90,000	60,518	29,482
Excess (deficit) of revenues over expenditures	$ -	$ (7,059)	$ (7,059)

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Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRIcpa.com

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
One Daytona Community Development District
Volusia 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 One Daytona 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 August 9, 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify a deficiency in internal control, described below, that we consider to be a material weakness.

IC2016-001: Accrual of expenses

- Condition: As part of our audit procedures, we identified approximately $11,000 of district counsel, management, and engineering expenses that were 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 expenditures are appropriate and properly accrued.

- Cause: The expenditures appear to have been overlooked when District staff was preparing its annual financial report.

- Effect: Accounts payable and related expenditures on the financial statements were understated by approximately $11,000.

- Recommendation: We recommend the District review vendor activity within a reasonable timeframe from year-end to ensure that all applicable 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 ensure 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
August 9, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRIcpa.com

MANAGEMENT LETTER

To the Board of Supervisors
One Daytona Community Development District
Volusia County, Florida

Report on the Financial Statements

We have audited the financial statements of One Daytona Community Development District("District") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated August 9, 2017.

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

Other Reports

We have issued our Independent Auditors' 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 these reports, which are dated August 9, 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. There were no findings or recommendations made in the preceding annual audit report.

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, require 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
August 9, 2017

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Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

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(850) 654-4619 (fax)
CRIcpa.com

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors
One Daytona Community Development District
Volusia County, Florida

We have examined One Daytona 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 of One Daytona Community Development District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District's complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements during 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
August 9, 2017