

**Panther Trace II
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2017

Panther Trace II Community Development District

ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2017

TABLE OF CONTENTS

| FINANCIAL SECTION | <u>Page Number</u> |
|---|-------------------------------|
| REPORT OF INDEPENDENT AUDITORS | 1-2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3-7 |
| BASIC FINANCIAL STATEMENTS: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 8 |
| Statement of Activities | 9 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 10 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities | 11 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 12 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 13 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | 14 |
| Notes to Financial Statements | 15-27 |
| 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 | 28-29 |
| MANAGEMENT LETTER | 30-31 |
| INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES | 32 |



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Panther Trace II Community Development District
Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Panther Trace II Community Development District and the accompanying notes to financial statements as of and for the year ended September 30, 2017, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



To the Board of Supervisors
Panther Trace II Community Development District

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District Panther Trace II Community Development District as of September 30, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Panther Trace II Community Development District's internal control over financial reporting and compliance.

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

June 11, 2018

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017**

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and government-wide activities.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets, and long-term debt are some of the items included in the *notes to financial statements*.

Financial Highlights:

The following are the highlights of financial activity for the year ended September 30, 2017.

- The District's total assets exceeded total liabilities by \$12,029,534 (net position). Unrestricted net position for Governmental Activities was \$771,475. Restricted debt service was \$109,864 and net investment in capital assets was \$11,148,195.
- Governmental activities revenues totaled \$1,724,983 while governmental activities expenses totaled \$2,561,608.

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District.

Net Position

| | Governmental Activities | |
|---|--------------------------------|----------------------|
| | 2017 | 2016 |
| Current assets | \$ 811,855 | \$ 756,893 |
| Restricted assets | 590,914 | 563,457 |
| Capital assets, net | 21,303,066 | 22,668,386 |
| Total Assets | <u>22,705,835</u> | <u>23,988,736</u> |
| Current liabilities | 633,877 | 643,074 |
| Non-current liabilities | 10,042,424 | 10,479,503 |
| Total Liabilities | <u>10,676,301</u> | <u>11,122,577</u> |
| Net position - net investment in capital assets | 11,148,195 | 12,086,436 |
| Restricted for debt service | 109,864 | 80,009 |
| Net position - unrestricted | 771,475 | 699,714 |
| Total Net Position | <u>\$ 12,029,534</u> | <u>\$ 12,866,159</u> |

The decrease in total assets is primarily the result of current year depreciation.

The decrease in total liabilities was due to the principal payments on long term debt and the reduction in accrued interest payable.

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District.

Change in Net Position

| | Governmental Activities | |
|----------------------------------|--------------------------------|----------------------|
| | 2017 | 2016 |
| Program Revenues | | |
| Charges for services | \$ 1,707,936 | \$ 1,644,885 |
| General Revenues | | |
| Investments earnings | 6,108 | 1,839 |
| Other revenues | 10,939 | 8,963 |
| Total Revenues | <u>1,724,983</u> | <u>1,655,687</u> |
| Expenses | | |
| General government | 99,858 | 112,541 |
| Physical environment | 1,803,740 | 1,808,210 |
| Culture/recreation | 270,603 | 164,443 |
| Interest on long-term debt | 387,407 | 394,533 |
| Total Expenses | <u>2,561,608</u> | <u>2,479,727</u> |
| Change in Net Position | (836,625) | (824,040) |
| Net Position - Beginning of Year | <u>12,866,159</u> | <u>13,690,199</u> |
| Net Position - End of Year | <u>\$ 12,029,534</u> | <u>\$ 12,866,159</u> |

The increase in total revenues is primarily due to a planned increase in general fund special assessments for the current year.

The increase in culture/recreation expenses is related to the pool and tennis court resurfacing projects in the current year.

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2017 and 2016.

| Description | Governmental Activities | |
|-----------------------------------|-------------------------|----------------------|
| | 2017 | 2016 |
| Land and improvements | \$ 577,900 | \$ 577,900 |
| Infrastructure | 34,601,937 | 34,560,325 |
| Improvements other than buildings | 497,936 | 497,936 |
| Buildings | 589,978 | 589,978 |
| Recreational facilities | 705,359 | 705,359 |
| Equipment/furniture | 272,996 | 272,996 |
| Accumulated depreciation | (15,943,040) | (14,536,108) |
| Total | <u>\$ 21,303,066</u> | <u>\$ 22,668,386</u> |

Depreciation totaled \$1,406,932 in the current fiscal year. Current year capital additions to infrastructure amounted to \$41,612.

General Fund Budgetary Highlights

The budget exceeded actual governmental expenditures because of lower landscape and utility expenditures than were anticipated.

There were no amendments to the September 30, 2017 budget.

Debt Management

Governmental Activities debt includes the following:

- In September 2014, the District issued \$11,775,000 Series 2014 Special Assessment Refunding Bonds. These bonds were issued to pay and redeem the outstanding portion of the District's Special Assessment Revenue Bonds, Series 2005A. Bonds payable totaled \$10,535,000 at September 30, 2017.

Economic Factors and Next Year's Budget

Panther Trace II Community Development District does not expect any economic factors to have a significant effect on the financial position or results of operations of the District in fiscal year 2018.

Request for Information

The financial report is designed to provide a general overview of Panther Trace II Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Panther Trace II Community Development District, Development Planning & Finance Group, 250 International Parkway, Suite 280, Lake Mary, FL 32746

PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
September 30, 2017

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash | \$ 798,325 |
| Assessments receivable | 11,198 |
| Prepaid expenses | 267 |
| Deposits | 2,065 |
| Total Current Assets | <u>811,855</u> |
| Non-current Assets | |
| Restricted assets | |
| Investments | 590,914 |
| Capital assets, not being depreciated | |
| Land and improvements | 577,900 |
| Capital assets, being depreciated | |
| Buildings | 589,978 |
| Equipment and furniture | 272,996 |
| Improvements other than buildings | 497,936 |
| Infrastructure | 34,601,937 |
| Recreational facilities | 705,359 |
| Less: Accumulated depreciation | <u>(15,943,040)</u> |
| Total Non-current Assets | <u>21,893,980</u> |
| Total Assets | <u>22,705,835</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable and accrued liabilities | 16,970 |
| Due to developer | 17,959 |
| Bonds payable | 440,000 |
| Accrued interest | 158,948 |
| Total Current Liabilities | <u>633,877</u> |
| Non-current liabilities | |
| Bonds payable, net | <u>10,042,424</u> |
| Total Liabilities | <u>10,676,301</u> |
| NET POSITION | |
| Net investment in capital assets | 11,148,195 |
| Restricted debt service | 109,864 |
| Unrestricted | 771,475 |
| Total Net Position | <u><u>\$ 12,029,534</u></u> |

See accompanying notes to financial statements.

PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

| Functions/Programs | Expenses | Program Revenues Charges for Services | Net (Expense) Revenues and Changes in Net Position Governmental Activities |
|-----------------------------------|-----------------------|--|---|
| Primary government | | | |
| Governmental Activities | | | |
| General government | \$ (99,858) | \$ 112,643 | \$ 12,785 |
| Physical environment | (1,803,740) | 510,847 | (1,292,893) |
| Culture/recreation | (270,603) | 242,013 | (28,590) |
| Interest on long-term debt | (387,407) | 842,433 | 455,026 |
| Total Governmental Activities | <u>\$ (2,561,608)</u> | <u>\$ 1,707,936</u> | <u>(853,672)</u> |
| General Revenues | | | |
| Investment earnings | | | 6,108 |
| Miscellaneous revenues | | | 10,939 |
| Total General Revenues | | | <u>17,047</u> |
| Change in Net Position | | | (836,625) |
| Net Position - October 1, 2016 | | | 12,866,159 |
| Net Position - September 30, 2017 | | | <u>\$ 12,029,534</u> |

See accompanying notes to financial statements.

PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017

| | General | Debt Service | Total Governmental Funds |
|--|-------------------|-------------------|--------------------------------|
| ASSETS | | | |
| Cash | \$ 798,325 | \$ - | \$ 798,325 |
| Assessments receivable | 5,747 | 5,451 | 11,198 |
| Prepaid expenses | 267 | - | 267 |
| Deposits | 2,065 | - | 2,065 |
| Restricted assets | | | |
| Investments, at fair value | - | 590,914 | 590,914 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 806,404</u> | <u>\$ 596,365</u> | <u>\$ 1,402,769</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable and accrued liabilities | \$ 16,970 | \$ - | \$ 16,970 |
| Due to developer | 17,959 | - | 17,959 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>34,929</u> | <u>-</u> | <u>34,929</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Fund Balances | | | |
| Nonspendable - deposits/prepays | 2,332 | - | 2,332 |
| Restricted for debt service | - | 596,365 | 596,365 |
| Unassigned | 769,143 | - | 769,143 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>771,475</u> | <u>596,365</u> | <u>1,367,840</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balances | <u>\$ 806,404</u> | <u>\$ 596,365</u> | <u>\$ 1,402,769</u> |
| | <u> </u> | <u> </u> | <u> </u> |

See accompanying notes to financial statements.

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2017**

| | |
|----------------------------------|--------------|
| Total Governmental Fund Balances | \$ 1,367,840 |
|----------------------------------|--------------|

Amounts reported for governmental activities in the Statement of Net Position
are different because:

| | |
|--|---------|
| Capital assets not being depreciated, land and improvements, used in governmental activities are not current financial resources and therefore, are not reported in the funds. | 577,900 |
|--|---------|

| | |
|---|------------|
| Capital assets being depreciated, buildings, \$589,978, infrastructure, \$34,601,937, improvements other than buildings, \$497,936, recreational facilities, \$705,359 and equipment and furniture, \$272,996, net of accumulated depreciation, \$(15,943,040), are not current financial resources and therefore, are not reported in the funds. | 20,725,166 |
|---|------------|

| | |
|--|--------------|
| Long-term liabilities, including bonds payable, \$(10,535,000) net of bond discounts, \$52,576, are not due and payable in the current period and, therefore, are not reported in the funds. | (10,482,424) |
|--|--------------|

| | |
|--|------------------|
| Accrued interest expense for long-term debt is not a current financial use and; therefore, is not reported in the funds. | <u>(158,948)</u> |
|--|------------------|

| | |
|---|-----------------------------|
| Net Position of Governmental Activities | <u><u>\$ 12,029,534</u></u> |
|---|-----------------------------|

See accompanying notes to financial statements.

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017**

| | General | Debt Service | Totals Governmental Funds |
|------------------------------------|--------------------------|--------------------------|---------------------------------|
| Revenues | | | |
| Special assessments | \$ 865,503 | \$ 842,433 | \$ 1,707,936 |
| Investment earnings | 4,200 | 1,908 | 6,108 |
| Miscellaneous revenues | 10,939 | - | 10,939 |
| Total Revenues | <u>880,642</u> | <u>844,341</u> | <u>1,724,983</u> |
| Expenditures | | | |
| Current | | | |
| General government | 99,858 | - | 99,858 |
| Physical environment | 452,866 | - | 452,866 |
| Culture and recreation | 214,545 | - | 214,545 |
| Capital Outlay | 41,612 | - | 41,612 |
| Debt service | | | |
| Principal | - | 430,000 | 430,000 |
| Interest | - | 386,636 | 386,636 |
| Total Expenditures | <u>808,881</u> | <u>816,636</u> | <u>1,625,517</u> |
| Net Change in Fund Balances | 71,761 | 27,705 | 99,466 |
| Fund Balances - October 1, 2016 | <u>699,714</u> | <u>568,660</u> | <u>1,268,374</u> |
| Fund Balances - September 30, 2017 | <u><u>\$ 771,475</u></u> | <u><u>\$ 596,365</u></u> | <u><u>\$ 1,367,840</u></u> |

See accompanying notes to financial statements.

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017**

| | |
|--|----------------------------|
| Net Change in Fund Balances -Total Governmental Funds | \$ 99,466 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays, \$41,612, as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation, \$(1,406,932). This is the amount that depreciation exceeded capital outlay in the current period. | (1,365,320) |
| Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | 430,000 |
| Governmental funds report bond discounts as expenditures. However, in the Statement of Activities, the cost of those assets are amortized over the life of the debt as interest expense. This is the amount of interest expense in the current year. | (2,921) |
| In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net change in accrued interest in the current period. | <u>2,150</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ (836,625)</u></u> |

See accompanying notes to financial statements.

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2017**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------------|----------------------------|-------------------------|-------------------|---|
| Revenues | | | | |
| Special assessments | \$ 840,213 | \$ 840,213 | \$ 865,503 | \$ 25,290 |
| Investment earnings | 300 | 300 | 4,200 | 3,900 |
| Miscellaneous revenues | 3,000 | 3,000 | 10,939 | 7,939 |
| Total Revenues | <u>843,513</u> | <u>843,513</u> | <u>880,642</u> | <u>37,129</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 128,529 | 128,529 | 99,858 | 28,671 |
| Physical environment | 475,237 | 475,237 | 452,866 | 22,371 |
| Culture/recreation | 212,229 | 212,229 | 214,545 | (2,316) |
| Capital outlay | 32,728 | 32,728 | 41,612 | (8,884) |
| Total Expenditures | <u>848,723</u> | <u>848,723</u> | <u>808,881</u> | <u>39,842</u> |
| Net Change in Fund Balances | (5,210) | (5,210) | 71,761 | 76,971 |
| Fund Balances - October 1, 2016 | <u>544,747</u> | <u>544,747</u> | <u>699,714</u> | <u>154,967</u> |
| Fund Balances - September 30, 2017 | <u>\$ 539,537</u> | <u>\$ 539,537</u> | <u>\$ 771,475</u> | <u>\$ 231,938</u> |

See accompanying notes to financial statements.

PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established, as a Community Development District, on September 5, 2003, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Ordinance 03-22 of the Board of County Commissioners of Hillsborough County. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring and/or constructing district roads and stormwater management facilities landscaping, recreation, water, wastewater distribution and reuse facilities and other basic infrastructure projects within or without the boundaries of the Panther Trace II Community Development District. The District is governed by a five-member Board of Supervisors who are elected by qualified electors on an at-large basis for four year terms. The District operates within the criteria established by Chapter 190, Florida Statutes.

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

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting

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

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

a. Government-wide Financial Statements

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

Governmental activities are supported by special assessments, and interest. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program

In the Government-wide financial statement, amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure.

Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

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

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

PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

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

The District has various policies governing the fund balance classifications.

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

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

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Governmental funds generally report assets that are available spendable resources in the near term and liabilities that are payable from “available spendable resources.” Unassigned fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

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

Amounts expended to acquire capital assets are recorded as expenditures in the fund financial statement in the year that resources are expended, rather than as fund assets. In addition, the proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

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

Debt Service Fund – Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bond series is secured by a pledge of all available debt service special assessment revenues in any fiscal year and a first lien on all acreage of benefited land within the District with the exception of the Phase IV property.

PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

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

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

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

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

b. Restricted Net Position

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

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

c. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, infrastructure, recreational facilities and equipment, are reported in the governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

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

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

d. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

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

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

“Total fund balances” of the District’s governmental funds, \$1,367,840, differs from “net position” of governmental activities, \$12,029,534, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated as follows.

PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

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

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

Capital related items

When capital assets are purchased or constructed, the cost of these assets is reported as an expenditure in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole.

| | |
|-----------------------------------|-----------------------------|
| Land | \$ 577,900 |
| Buildings | 589,978 |
| Improvements other than buildings | 497,936 |
| Infrastructure | 34,601,937 |
| Recreational facilities | 705,359 |
| Equipment and furniture | 272,996 |
| Less: Accumulated depreciation | <u>(15,943,040)</u> |
| Total | <u><u>\$ 21,303,066</u></u> |

Long-term debt transactions

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2017 were:

| | |
|--------------------|----------------------------|
| Bonds payable | \$ (10,535,000) |
| Bond discount, net | <u>52,576</u> |
| Total | <u><u>(10,482,424)</u></u> |

Accrued interest

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to the accrued interest on bonds.

| | |
|------------------|----------------------------|
| Accrued interest | <u><u>\$ (158,948)</u></u> |
|------------------|----------------------------|

PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

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

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

The “net change in fund balances” for government funds, \$99,466 differs from the “change in net position” for governmental activities, \$(836,625) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

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

| | |
|----------------|-----------------------|
| Depreciation | \$ (1,406,932) |
| Capital Outlay | <u>41,612</u> |
| | <u>\$ (1,365,320)</u> |

Long-term debt transactions

Repayments of bond principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. Amortization of the bond discount is reported as an expense in the statement of activities, but does not require the use of current financial resources. Therefore, it is not reported as an expenditure in the governmental funds.

| | |
|-------------------------------|-------------------|
| Bond principal payments | \$ 430,000 |
| Amortization of bond discount | <u>(2,921)</u> |
| Total | <u>\$ 427,079</u> |

Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.

| | |
|--|-----------------|
| Net change in accrued interest payable | <u>\$ 2,150</u> |
|--|-----------------|

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE C – CASH AND INVESTMENTS

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2017, the District's bank balance was \$827,563 and the carrying value was \$798,325. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2017, the District had the following investments and maturities:

| <u>Investment</u> | <u>Maturity</u> | <u>Fair Value</u> |
|--|-----------------|-------------------|
| First American Government Obligations Fund | 23 days* | <u>\$ 590,914</u> |

* Maturity is a weighted average maturity

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

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

Based on the criteria in the preceding paragraph, the investments in First American Government Obligation Funds are Level 1 assets.

Interest Rate Risk

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

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2017, the District's investment in First American Government Obligations was rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in First American Government Obligations are 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2017 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE D – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, 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 County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the bond documents.

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

All unpaid assessments become delinquent as of April 1. Unpaid assessments are collected via the sale of tax certificates on or prior to June 1.

PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE E – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2017 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|-----------------------|-------------|----------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 577,900 | \$ - | \$ - | \$ 577,900 |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 34,560,325 | 41,612 | - | 34,601,937 |
| Improvements other than buildings | 497,936 | - | - | 497,936 |
| Buildings | 589,978 | - | - | 589,978 |
| Recreational facilities | 705,359 | - | - | 705,359 |
| Equipment | 272,996 | - | - | 272,996 |
| Total Capital Assets Being Depreciated | 36,626,594 | 41,612 | - | 36,668,206 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (13,444,425) | (1,316,208) | - | (14,760,633) |
| Improvements other than buildings | (201,974) | (19,917) | - | (221,891) |
| Building | (157,326) | (14,749) | - | (172,075) |
| Recreational facilities | (471,245) | (47,024) | - | (518,269) |
| Equipment | (261,138) | (9,034) | - | (270,172) |
| Total Accumulated Depreciation | (14,536,108) | (1,406,932) | - | (15,943,040) |
| Total Capital Assets Being Depreciated, Net | 22,090,486 | (1,365,320) | - | 20,725,166 |
| Governmental Activities Capital Assets | <u>\$ 22,668,386</u> | <u>\$ (1,365,320)</u> | <u>\$ -</u> | <u>\$ 21,303,066</u> |

Current year depreciation of \$1,350,874 was charged to physical environment and \$56,058 was charged to culture/recreation.

PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE F – LONG-TERM DEBT

The following is a summary of activity of the long-term debt of the District for the year ended September 30, 2017:

| | |
|--------------------------------------|----------------------|
| Long-term debt at October 1, 2016 | \$ 10,965,000 |
| Principal payments | <u>(430,000)</u> |
| Long-term debt at September 30, 2017 | <u>\$ 10,535,000</u> |

Long-term debt is comprised of the following:

Special Assessment Refunding Revenue Bonds

\$11,775,000 Series 2014 Special Assessment Revenue Refunding Bonds due in annual installments beginning May 1, 2015 and maturing May 1, 2035. Interest from 2.000% to 4.125% is due in May and November starting in May 2015.

| | |
|--------------------|----------------------|
| | \$ 10,535,000 |
| Bond Discount, Net | <u>(52,576)</u> |
| Bonds Payable, Net | <u>\$ 10,482,424</u> |

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2017 are as follows:

| <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|----------------------|---------------------|----------------------|
| 2018 | \$ 440,000 | \$ 381,476 | \$ 821,476 |
| 2019 | 445,000 | 374,436 | 819,436 |
| 2020 | 455,000 | 365,536 | 820,536 |
| 2021 | 470,000 | 354,616 | 824,616 |
| 2022 | 480,000 | 341,691 | 821,691 |
| 2023-2027 | 2,685,000 | 1,450,661 | 4,135,661 |
| 2028-2032 | 3,260,000 | 883,981 | 4,143,981 |
| 2033-2035 | <u>2,300,000</u> | <u>192,225</u> | <u>2,492,225</u> |
| Totals | <u>\$ 10,535,000</u> | <u>\$ 4,344,622</u> | <u>\$ 14,879,622</u> |

**PANTHER TRACE II COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE F – LONG-TERM DEBT (CONTINUED)

SUMMARY OF SIGNIFICANT BONDS RESOLUTION TERMS AND COVENANTS

Special Assessment Refunding Revenue Bonds, Series 2014.

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

Reserve Fund – A reserve requirement was established in an amount equal to one hundred percent (100%) of the maximum annual debt service requirement, \$816,092, of the 2014 Bonds. The 2014 Reserve Account partially covers this reserve requirement and is funded from the proceeds of the Series 2014 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

The reserve requirement was met at September 30, 2017 through a combination of cash in the amount of \$327,553 in the Reserve Fund and a debt service insurance policy.

NOTE G – RISK MANAGEMENT

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



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

**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
Panther Trace II Community Development District
Hillsborough County, Florida

We have audited the financial statements of Panther Trace II Community Development District as of and for the year ended September 30, 2017, and have issued our report thereon dated June 11, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Panther Trace II Community Development District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Panther Trace II Community Development District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Panther Trace II Community Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Panther Trace II Community Development District's internal control over financial reporting.

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

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



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

To the Board of Supervisors
Panther Trace II Community Development District

Compliance and Other Matters

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

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

*Berger Toombs Elam
Gaines & Frank*

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

June 11, 2018



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

MANAGEMENT LETTER

To the Board of Supervisors
Panther Trace II Community Development District
Hillsborough County, Florida

Report on the Financial Statements

We have audited the financial statements of the Panther Trace II Community Development District as of and for the year ended September 30, 2017, and have issued our report thereon dated June 11, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 11, 2018, 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 financial audit report. There were no findings or recommendations in the preceding audit.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Panther Trace II Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Panther Trace II Community Development District did not meet any of the conditions described in Section 218.503(1) Florida Statutes.



To the Board of Supervisors
Panther Trace II Community Development District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Panther Trace II Community Development District. It is management's responsibility to monitor the Panther Trace II Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2017.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Panther Trace II Community Development District for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger Toombs Elam
Gaines & Frank*

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

June 11, 2018



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

To the Board of Supervisors
Panther Trace II Community Development District
Hillsborough County, Florida

We have examined Panther Trace II Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2017. Management is responsible for Panther Trace II Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Panther Trace II Community Development District's compliance based on our examination.

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

In our opinion, Panther Trace II Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2017.

*Berger Toombs Elam
Gaines & Frank*

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

June 11, 2018