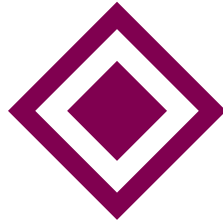


THE CROSSINGS

at Fleming Island

COMMUNITY DEVELOPMENT DISTRICT



**Revenue Sufficiency Analysis
and
Administrative & Debt Capacity
Charge Evaluation**

December 15, 2016



Public Resources Management Group, Inc.

Utility, Rate, Financial and Management Consultants



Public Resources Management Group, Inc.

Utility, Rate, Financial and Management Consultants

December 15, 2016

Mr. Dave deNagy
District Manager
Governmental Management Services, LLC
475 West Town Place, Suite 114
St. Augustine, Florida 32092

Subject: **The Crossings at Fleming Island Community Development District
Revenue Sufficiency Analysis and Debt Capacity Charge Evaluation**

Dear Mr. deNagy:

As you know Public Resources Management Group, Inc. ("PRMG") was retained by the Crossings at Fleming Island Community Development District (the "District") to perform a revenue sufficiency analysis and administrative and debt capacity charge evaluation (the "Study") of the District's water, wastewater, and reuse system (the "System"). The revenue sufficiency analysis represents a projection of financial operations and results predicated upon anticipated customer growth/demand, cost increases in bulk water and wastewater treatment expenses, and changes in other expenditures. A primary focus of the Study is to evaluate the effects to rates associated with the issuance of the Utility Revenue Tax Exempt Refunding Bonds, Series 2016-1 and Utility Revenue Taxable Refunding Bonds, Series 2016-2 (collectively the "Series 2016 Bonds") to advance refund and redeem all of the outstanding Utility Revenue Bonds, Series 2007 (the "Refunded Bonds"). The Series 2016 Bonds are expected to be issued on or about December 27, 2016 resulting in a level reduction to the debt service payment of approximately \$138,000 per year through final maturity for the bonds.

We have summarized the findings and recommendations of our analyses in the attached report (the "Report") for consideration by the Board of Supervisors (the "Board"). The Study included the preparation of financial projections for the identified forecast period comprising the Fiscal Years 2017 through 2022 (the "Forecast Period"), with the baseline of the forecast represented with the Fiscal Year 2017 (the "Test Year"). The financial projections in this Report were based on discussions with and information provided by District management, District's Financial Advisor and Clay County Utility Authority ("CCUA"), acting as the District's contract operator for the System, as well as certain assumptions and analyses made by PRMG with respect to such financial projections. The analysis also included a review of compliance with the rate covenants as defined in the Indenture of Trust (the "Trust Indenture") which was adopted by the Board on or about December 15, 2016 and will take effect with the issuance of the Series 2016 Bonds. Capitalized undefined terms used in this Report shall have the meanings ascribed thereto in the Trust Indenture.

EXECUTIVE SUMMARY OF FINDINGS

Background

The District owns a utility system that consists of primarily conveyance facilities that provide water, wastewater and reclaimed water service to residential and commercial customers of the Eagle Harbor Development. The Utility System consists of two main components, the master utility system (which provides District-wide service) and the subdivision utility systems (which provide service to the various subdivisions in the Development). The master utility system is contained within the main internal roadways of the District and connects the Utility System to utilities owned and operated by the CCUA. The subdivision utility systems connect to the master utility system. Both the master utility system and each of the subdivision utility systems are owned by the District and are comprised of potable water distribution, sanitary sewer collection and water irrigation systems. The master utility system also includes a treated effluent transmission main and an effluent storage pond for the irrigation system. The subdivision utility systems include services for the majority of residential tracts within the Eagle Harbor, Town Center and Black Creek villages.

The District receives water, wastewater and reclaimed water from CCUA. The District does not own or operate any water and/or wastewater treatment facilities and is a full requirements customer of CCUA and therefore purchases all of the potable water and wastewater treatment requirements from CCUA at a wholesale or bulk service rate. Contractually, CCUA is responsible for all repairs, replacements and maintenance of the District's infrastructure, with exception to certain reclaimed water infrastructure for which the District is responsible. For these services, CCUA charges the District the CCUA Eagle Harbor retail rate for water and wastewater service. In turn, the District passes these rates and costs on directly to the customers of the District. For reclaimed service, CCUA charges the majority of purchased reclaimed water at a wholesale or bulk rate, however the District in turn charges customer's the CCUA Eagle Harbor retail rate for reclaimed service thereby generating additional net revenues. The existing rates for service by the District include: i) an administration and debt capacity charge based on District specific expenses and actual debt service requirements of the System; and ii) water, wastewater, and reclaimed rates equivalent to the same retail rate charged by CCUA for service to Eagle Harbor development.

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Study Findings and Recommendations

Based upon the assumptions, analyses and findings of this Study, which should be read in its entirety it was determined that in connection with the issuance of the Series 2016 Bonds the administrative and debt capacity charge of the District may be lowered in order to pass on realized savings to District customers from the anticipated reduction to annual debt service. The following table provides a summary of the existing and recommended rates for service:

Existing Monthly Water and Wastewater Rate Schedule		
	Existing	Proposed
Other Services (Administrative) Charge:		
All Customers / Per ERC	\$1.06	\$0.00
Debt Capacity Charge:		
All Customers / Per ERC	\$40.99	\$37.00
Water Service Charge [*]:		
Base Charge (Per Residential Unit or Commercial ERC)	\$9.80	\$9.80
Volumetric Charge – Residential / Commercial Potable Irrigation (Per 1,000 Gallons)		
0 – 6,000 Gallons	\$1.37	\$1.37
6,001 – 12,000 Gallons	\$2.85	\$2.85
12,001 – 18,000 Gallons	\$3.69	\$3.69
Above 18,000 Gallons	\$4.74	\$4.74
Volumetric Charge – Commercial (Per 1,000 Gallons)	\$1.84	\$1.84
Wastewater Service Charge [*]:		
Base Charge (Per Residential Unit or Commercial ERC)	\$22.21	\$22.21
Volumetric Charge – Residential (Per 1,000 Gallons)	\$3.37	\$3.37
Volumetric Charge – Commercial (Per 1,000 Gallons)	\$4.11	\$4.11
Reuse Service Charge [*]:		
Base Charge (Per Residential Unit or Commercial ERC)	\$15.48	\$15.48
Volumetric Charge (Per 1,000 Gallons)		
0 - 15,000 Gallons	\$0.60	\$0.60
15,001 - 20,000 Gallons	1.19	1.19
Above 20,000 Gallons	1.79	1.79

ERC = Equivalent Residential Connection and is determined based upon a residential dwelling unit basis for the residential class and meter equivalency factor basis for the commercial class as identified by the District.

[*] Amounts shown reflect retail rates charged by the District which are set equivalent to the CCUA Eagle Harbor Rates for service.

As can be seen above, the proposed rates reflect an approximate \$5.05 reduction per month for an equivalent residential connection ("ERC"). The reduction to the administrative and debt capacity fee is attributable to: i) the reduction in annual debt service of approximately \$138,000 per year; ii) an easing of the rate covenant pursuant to the Trust Indenture upon issuance of the

Series 2016 Bonds from a minimum required ratio of net revenues to annual debt service of 1.15x to a 1.05x or \$129,000 per year; and iii) a marginal rounding adjustment representing an approximate \$16,000 per year increase to the net fees. The following table provides detail concerning the components of the fee reduction:

Description	Revenues	Percentage Reduction	Existing & Adj. Fees [1]
FY16 Debt Capacity Revenue / Fee	\$2,042,621	n/a	\$40.99
FY16 Administrative Revenue / Fee	\$53,172	n/a	\$1.06
Total	\$2,095,793	n/a	\$42.05
A) Debt Service Reduction	(\$138,000)	(6.585%)	(\$2.77)
B) Target Debt Fee at 1.05x Debt Svc	(\$76,151)	(3.634%)	(\$1.53)
C) Reduction of Admin Fee	(\$53,172)	(2.537%)	(\$1.07)
D) Rounding Adjustments	\$15,451	0.737%	\$0.31
E) Total	(\$251,872)	(12.018%)	(\$5.05)
<u>Summary of Fee Changes</u>			
Debt Capacity Charge	\$40.99	(\$3.99)	\$37.00
Administrative Charge	\$1.06	(\$1.06)	\$-.-
Combined Fee	\$42.05	(\$5.05)	\$37.00

[1] Amounts may not sum due to rounding.

Based on the aforementioned charge reductions and assuming continued pass-through of CCUA rate increases, beginning with the Fiscal Year 2018 the District is expected to produce net revenues after payment of debt service and minor capital outlay ("Free Cash Flow") of approximately \$253,000 annually, which is necessary in order to: i) maintain compliance with the rate covenant of the Trust Indenture; and ii) accrue such funds over time to fund future capital needs beyond the Forecast Period as indicated by District staff. The following table provides a summary of the projected coverage ratios, as well as, available Free Cash Flows:

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Coverage Ratio (Min 1.05x)	131%	114%	115%	115%	116%	116%
Free Cash Flow	\$485,684	\$238,973	\$246,642	\$251,325	\$259,758	\$266,793

Recognizing that under the current forecasts that there would be an additional margin for the District to lower the Debt Capacity Charge further and for informational purposes we have

calculated the total monthly fee reduction based on direction from CCUA staff to target a maximum of a 1.06x coverage ratio. Based on this parameter we have determined the district could potentially reduce the fees in total by approximately \$8.05 per ERC per month. The following table provides a summary of the alternative operating results in direct comparison to the proposed fee reduction:

Recommended Scenario 1 - Admin and Debt Capacity Charge Fee Reduction of \$5.05

Fiscal Year Ended September 30,	2017	2018	2019	2020	2021	2022
Coverage Ratio (Min 1.05x)	131%	114%	115%	115%	116%	116%
Free Cash Flow	\$485,684	\$238,973	\$246,642	\$251,325	\$259,758	\$266,793

Scenario 2 - Admin and Debt Capacity Charge Fee Reduction of \$8.05

Fiscal Year Ended September 30,	2017	2018	2019	2020	2021	2022
Coverage Ratio (Min 1.05x)	126%	106%	106%	107%	107%	107%
Free Cash Flow	\$411,128	\$89,861	\$97,530	\$102,213	\$110,646	\$117,681

Following this letter is our Report which details our analyses, assumptions and findings. We greatly appreciate the opportunity to be of service to the District and would like to extend our appreciation to the District staff and Board for assistance in the preparation of the Report.

Very truly yours,

Public Resources Management Group, Inc.



Thierry A. Boveri, CGFM
Associate

Attachments

THE CROSSINGS AT FLEMING ISLAND COMMUNITY DEVELOPMENT DISTRICT

**REVENUE SUFFICIENCY ANALYSIS AND
DEBT CAPACITY CHARGE EVALUATION**

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THE CROSSINGS AT FLEMING ISLAND COMMUNITY DEVELOPMENT DISTRICT

**REVENUE SUFFICIENCY ANALYSIS AND
DEBT CAPACITY CHARGE EVALUATION**

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THE CROSSINGS AT FLEMING ISLAND COMMUNITY DEVELOPMENT DISTRICT

REVENUE SUFFICIENCY ANALYSIS AND DEBT CAPACITY CHARGE EVALUATION

GENERAL

The Crossings at Fleming Island Community Development District (the "District") is an independent local unit of special-purpose government of the State of Florida created in accordance with the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by rule adopted by the Florida Land and Water Adjudicatory Commission effective November 20, 1989. The District encompasses approximately 2,908 acres of land, located entirely within the jurisdictional boundaries of unincorporated Clay County in northeast Florida. The District was created to provide the infrastructure necessary for community development to the Eagle Harbor Development, including the provision of water, wastewater, and reclaimed water (irrigation) service.

The Eagle Harbor Development (the "Development") is a master-planned mixed-use community located within and without the boundaries of the District. The majority of the Development is located within the District. The Development is comprised of four large "villages" known as Eagle Harbor, Town Center, Black Creek, and East of 17 Village.

The District owns a utility system consisting primarily of conveyance facilities that provides water, wastewater, and reclaimed water service to the residential and commercial customers located within the Development (the "System"). The component of the System which is contained within the main internal roadways of the District is referred to as the Master Utility System that connects to utilities owned and operated by the Clay County Utility Authority, an independent special district of the State of Florida (the "Authority" or "CCUA") to the District System (such interconnections referred to as the "points of connection"). The primary water, wastewater, and reclaimed water transmission facilities that comprise the Master Utility System are interconnected with the on-site water distribution, wastewater collection, and reclaimed water distribution facilities located within the various subdivisions of the Development and are referred to by the District as the Subdivision Utility Systems. Both the Master Utility System and the Subdivision Utility Systems (also referred to as the "infrastructure") are owned by the District.

Both the Master Utility System and the Subdivision Utility System is comprised of potable water, sanitary sewer, and reclaimed water irrigation systems. The Master Utility System also includes a treated effluent transmission main and an effluent storage pond for the reclaimed water irrigation system. The Subdivision Utility System includes services for the majority of residential tracts within the Eagle Harbor, Town Center, and Black Creek villages.

As previously mentioned, the District owns all infrastructure from the point of connection to the Authority's water, wastewater, and reclaimed water systems to the end user. The Authority is required on behalf of the District to operate and maintain this component of the System pursuant to the Operations and Maintenance Agreement entered into between the District and the Authority on September 3, 1997 (the "O&M Agreement"). Pursuant to the O&M Agreement, the

Authority shall maintain the District System that is interconnected to the Authority System (water, wastewater, and a component of the reclaimed water system), including the performance of ongoing renewals and replacements to such System (not considered as being major capital expenditures). The O&M Agreement provides, among other things, the rates to be charged for service, the responsibilities of the parties, and the term of the agreement. The District owns, operates, and maintains all of the reclaimed water irrigation storage, pumping, and golf irrigation systems. The Authority maintains, pursuant to the O&M Agreement, the residential transmission and distribution system located in the Subdivision Utility Systems. The reclaimed water is used for irrigation of the golf course, residential lots, and the common areas along roadways within the District. The District does not own, and does not anticipate acquiring, any potable water production, treatment and master pumping facilities, or any wastewater treatment and disposal facilities.

The District has entered into a Master Bulk Service Agreement dated October 26, 1993 with Clay County, Florida and the Authority pursuant to which the District purchases from the Authority on a wholesale basis potable water and sewage treatment and disposal services (the "Service Agreement"). All of the potable water and sewage treatment and disposal services are purchased from the Authority (referred to as "full requirements service"). The Service Agreement provides, among other things, that the Authority has the exclusive rights to provide utility service to the District, the rates, fees, and charges to be paid by the District for wholesale water and wastewater service, effluent disposal obligation which requires the District to take back treated effluent from the Authority for disposal pursuant to the terms and conditions set forth in the Effluent and Reuse Agreement (discussed below), and the term for service. As specified in the Service Agreement, the Authority shall continually provide service (as the exclusive provider) until such time that the District's System is conveyed to the County. In addition to and coincident with the Service Agreement, the District and the Authority entered into an Effluent Reuse Agreement dated October 26, 1993, which was amended on July 8, 1997 (the "Effluent Agreement"). The Effluent Agreement provides, among other things, that the Authority convey certain quantities of treated effluent (reclaimed water) for the purpose of irrigation throughout the District. The Authority agrees to provide reclaimed water to the point of delivery, which is the on-site effluent storage pond. Treated effluent transmission mains have been constructed from the effluent stormwater pond to the golf course, common areas, and subdivisions within the District.

The District provides potable water, sanitary sewer, and reclaimed water irrigation services on a retail basis to customers within the District. Accordingly, the District has adopted utility charges, including user rates and connection fees, and operating policies in connection with the System. The existing user rates for utility service were adopted by the Board pursuant to Resolution 2016-17 (the "Rate Resolution").

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The following is a summary of the District's current utility rates for service as codified in the Rate Resolution:

<u>Existing Monthly Water and Wastewater Rate Schedule</u>	
Other Services (Administrative) Charge:	
All Customers / Per ERC	\$1.06
Debt Capacity Charge:	
All Customers / Per ERC	\$40.99
Water Service Charge [*]:	
Base Charge (Per Residential Unit or Commercial ERC)	\$9.80
Volumetric Charge – Residential / Commercial Potable Irrigation (Per 1,000 Gallons)	
0 – 6,000 Gallons	\$1.37
6,001 – 12,000 Gallons	\$2.85
12,001 – 18,000 Gallons	\$3.69
Above 18,000 Gallons	\$4.74
Volumetric Charge – Commercial (Per 1,000 Gallons)	\$1.84
Wastewater Service Charge [*]:	
Base Charge (Per Residential Unit or Commercial ERC)	\$22.22
Volumetric Charge – Residential (Per 1,000 Gallons)	\$3.37
Volumetric Charge – Commercial (Per 1,000 Gallons)	\$4.11
Reuse Service Charge [*]:	
Base Charge (Per Residential Unit or Commercial ERC)	\$15.48
Volumetric Charge (Per 1,000 Gallons)	
0 - 15,000 Gallons	\$0.60
15,001 - 20,000 Gallons	1.19
Above 20,000 Gallons	1.79

ERC = Equivalent Residential Connection and is determined based upon a residential dwelling unit basis for the residential class and meter equivalency factor basis for the commercial class as identified by the District.

[*] Amounts shown reflect retail rates charged by the District which are set equivalent to the CCUA Eagle Harbor Rates for service.

As previously mentioned, the Authority provides full requirements bulk and contractual services to the District. These services are charged to the District pursuant to the Authority retail rate structure, with exception to certain reclaimed customers for which the District is charged a wholesale or bulk rate. As a result, the District's current rate structure for water, wastewater and reuse services are consistent with the structure of the Authority's retail rates.

CUSTOMER AND SALES FORECAST

The majority of the developed properties in the District are single-family residences. During the most recently completed fiscal year ended September 30, 2016, the water system provided service to an estimated average 3,534 active accounts (active defined as customers receiving service and utility bills generating revenue) and 3,994 ERCs. All individually metered residential customers are considered by the District to be an equivalent unit or 1.0 ERC. The

amount of ERCs as compared to the amount of customer accounts are greater as a result of the District's existing commercial customer base, which assigns to larger meter sizes a greater ERC factor. The methodology used by the District to determine an ERC for all customer classes is consistent with the methodology used by the Authority, which provides a general level of consistency in rate application for all customers in the area and the operating, customer service and utility billing services provided by the Authority to the District pursuant to the O&M Agreement. During the Fiscal Year 2016, the wastewater system provided on average services to approximately 3,471 active customers and approximately 3,838 ERCs.

In order to illustrate the recent trends in customer growth, a summary of such customer statistics for the three fiscal year period ended 2016 (the "Historical Period" with Fiscal Years 2014 and 2016 being estimated based on eleven months of actual customer and sales statistics) were prepared. Based on the recent trends in customer, usage statistics, and information provided by the Authority and the District, projections of such customer statistics were prepared for the Forecast Period. Table 1 at the end of this Report illustrates the recent trend in customer accounts based on customer billing/usage information provided by the Authority for the Historical Period and summarizes the projections of customer accounts and includes potable water sales for the District's water system. Similar information regarding the historical and projected customers and billed flow (usage) requirements for the District's wastewater system are also illustrated in Table 1. The following is a discussion of the historical and projected growth for the respective water and wastewater systems of the District.

Water System

The water system has experienced marginal growth when compared to recent history. This may be attributable to the prior economic downturn having a negative effect to customer growth and water demand coupled with the fact that the service area may be approaching "build-out". Table 1 at the end of this Report summarizes the historical customer accounts and ERCs in service, water sales, and average usage statistics by each specific customer class of the water system derived from detailed billing information provided by the District. Table 1 at the end of this Report provides projected customer statistics assumed for the purpose of developing the financial projections for the Forecast Period. The historical and projected customer accounts for the water system are summarized on the following page.

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Customer Accounts and Billed Sales – Water System

Fiscal Year Ended September 30 (Historical) [1]	Average Annual Accounts [2]	Average Annual Units/ERCs [3]	Water Sales (000s Gallons) [2]	Average Monthly Use per ERC (Gallons)
2014 [4]	3,454	3,899	257,040	5,494
2015	3,543	4,001	264,372	5,506
2016 [4]	3,534	3,994	275,690	5,752
Average Annual Historical Growth Rate	<u>1.2%</u>	<u>1.2%</u>	<u>3.6%</u>	<u>2.3%</u>

Fiscal Year Ending September 30 (Projected) [1]	Average Annual Accounts [2]	Average Annual Units/ERCs [3]	Water Sales (000s Gallons) [2]	Average Monthly Use per ERC (Gallons)
2017	3,534	3,994	273,547	5,707
2018	3,534	3,994	273,547	5,707
2019	3,534	3,994	273,547	5,707
2020	3,534	3,994	273,547	5,707
2021	3,534	3,994	273,547	5,707
2022	3,534	3,994	273,547	5,707
Average Annual Projected Growth Rate [5]	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

[1] Amounts derived from Table 1 at the end of this Report.

[2] Reflects water accounts and sales to retail customers of System.

[3] ERCs based on residential dwelling unit basis for the residential class and utilizing meter equivalent factors based on information published by the American Water Works Association (AWWA) applied to the various customer connections served by the District.

[4] Amounts shown are estimated based upon 11 months of customer billing data and one month estimated for the periods shown.

[5] Calculated growth rate based on changes from Fiscal Year 2016 through the projected Fiscal Year 2022.

As can be seen above, the water system's average accounts and ERCs served have marginally grown by approximately 1.2% per year since Fiscal Year 2014. In order to maintain a conservative outlook for purposes of this analysis, no new customer growth was projected during the Forecast Period. Although conservative, the likelihood of additional growth during the first part of the Forecast Period has been assumed to be minimal and we think the no growth scenario is a reasonable assumption for the District for the evaluation of the sufficiency of revenues to meet the expenditure requirements of the System.

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Wastewater System

The historical and projected customer (account) statistics for the wastewater system are shown on Table 1 at the end of this Report and are summarized as follows:

Customer Accounts and Billed Flow – Wastewater System				
<u>Fiscal Year Ended</u> <u>September 30, (Historical) [1]</u>	<u>Average</u> <u>Annual Accounts [2]</u>	<u>Average Annual</u> <u>Units/ERCs [3]</u>	<u>Billed Flow</u> <u>(000s Gallons) [2]</u>	<u>Average Monthly</u> <u>Billed Flow per</u> <u>Unit/ERC (Gallons)</u>
2014 [4]	3,405	3,759	225,945	5,009
2015	3,496	3,861	226,726	4,894
2016 [4]	3,471	3,838	230,570	5,006
Average Annual Historical Growth Rate	<u>1.0%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>0.0%</u>
<u>Fiscal Year Ending</u> <u>September 30 (Projected) [1]</u>	<u>Average</u> <u>Annual Accounts [2]</u>	<u>Average Annual</u> <u>Units/ERCs [3]</u>	<u>Billed Flow</u> <u>(000s Gallons) [2]</u>	<u>Average Monthly</u> <u>Billed Flow per</u> <u>Unit/ERC (Gallons)</u>
2017	3,471	3,838	227,988	4,950
2018	3,471	3,838	227,988	4,950
2019	3,471	3,838	227,988	4,950
2020	3,471	3,838	227,988	4,950
2021	3,471	3,838	227,988	4,950
2022	3,471	3,838	227,988	4,950
Average Annual Projected Growth Rate [5]	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

[1] Amounts shown derived from Table 1 at the end of this Report.

[2] Reflects wastewater accounts and billed flow to retail customers of System.

[3] ERCs based on residential dwelling unit basis for the residential class and utilizing meter equivalent factors based on information published by the American Water Works Association (AWWA) applied to the various customer connections served by the District.

[4] Amounts shown are estimated based upon 11 months of customer billing data and one month estimated for the periods shown.

[5] Calculated growth rate based on changes from Fiscal Year 2016 through the projected Fiscal Year 2022.

As shown above, the wastewater customers and ERCs of the System have experienced an average compound growth rate of approximately 1.0% and 1.1%, respectively, since the Fiscal Year 2014. This historical growth rate is generally consistent with the historical rate of growth recently experienced by the water system. This is due to the District's general utility policies that all development within the District will receive both water and wastewater utility services, where considered appropriate.

With respect to the forecast of wastewater system customers, ERCs, and billed wastewater flow, the projection was based on the same assumption parameters as previously discussed for the water system. As discussed regarding the water system, it has been assumed that no growth in wastewater customers is recognized during the Forecast Period.

Reclaimed Water System

As stated previously, the District also serves a number of customers within its service territory who utilize reclaimed water as provided by the District as a viable source of irrigation and to promote conservation and the limitation of regional groundwater use. As shown in summary

below and as illustrated in detail on Table 1 at the end of this Report, the historical and forecast of reclaimed water ERCs and billed sales is as follows:

Customer Accounts and Billed Sales – Reclaimed Water System		
<u>Fiscal Year Ended September 30, (Historical) [1]</u>	<u>Average Annual Units/ERCs [2]</u>	<u>Reclaimed Water (000s Gallons) [3]</u>
2014 [4]	2,614	185,892
2015	2,699	225,295
2016 [4]	2,683	221,947
Average Annual Historical Growth Rate	<u>0.8%</u>	<u>9.3%</u>

<u>Fiscal Year Ending September 30, (Projected) [1]</u>	<u>Average Annual Units/ERCs [2]</u>	<u>Reclaimed Water (000s Gallons) [3]</u>
2017	2,683	218,933
2018	2,683	218,933
2019	2,683	218,933
2020	2,683	218,933
2021	2,683	218,933
Average Annual Projected Growth Rate [6]	<u>0.0%</u>	<u>0.0%</u>

[1] Amounts derived from Table 1 at the end of this Report.

[2] Reflects reclaimed water units/ERCs and bulk purchases. Historical amounts shown include commercial ERCs, which were estimated for purposes of this analysis based on discussions with the Authority staff.

[3] Reflects bulk reclaimed water flows purchased exclusive of any bulk purchases for the Eagle Harbor Gold Course.

[4] Amounts shown are estimated based upon 11 months of customer billing data and one month estimated for the periods shown.

[5] Calculated growth rate based on changes from Fiscal Year 2013 through projected Fiscal Year 2018.

Based on information provided by the District and Authority and consistent with the water and wastewater systems, no growth in reclaimed water accounts was recognized during the Forecast Period. The evidenced growth in bulk purchases may be attributable to changes in weather and it is uncertain if the demand will remain constant during the Forecast Period. As previously discussed the District generates additional net revenues from the reclaimed system and recognizing that such revenues and attributable billable flows are not dependable the estimated Fiscal Year 2017 identified reclaimed water bulk purchases was held constant in order to retain a conservative projection of such net revenues to the System.

PROJECTED OPERATING RESULTS

General

We have prepared projections of the operating results of the System for the Forecast Period, which were based on: i) recent historical trends in operations; ii) audited financial results for the Fiscal Year 2015 and unaudited results for the Fiscal Year 2016; iii) adopted budgetary financial information for the System for the Fiscal Year 2017; iv) discussions with District staff regarding current and future utility trends; v) information, including the level of projected rate increases, as provided by Authority; and vi) other information provided by the District and District's system manager, Government Management Services, LLC (the "System Manager").

Presented on Table 4 at the end of this Report are the financial projections for the System. This table includes annual projections of Gross Revenue, projected Operating Expenses, allowances for debt service allocable to the System being repaid from System revenues, and balances available for capital outlay and other purposes. Projected revenue includes those from sales (rate revenue), interest income on the available funds, and other miscellaneous revenues derived from operations. The projected sales revenue has been forecasted based on revenue anticipated to be derived from existing rates as adopted by the Board and as reflected in the Rate Resolution as well as an assumption for future rate indexing as discussed later in this section.

Projected sales revenue for the System is based on the projected customer and usage statistics as illustrated on Table 1 at the end of this Report. Interest income has been estimated on projected cash balances for the various accounts and funds required to be maintained by the District on behalf of the System pursuant to the Trust Indenture. Projected Operating Expenses are based on various factors such as projected expense increases due to inflation and projected changes in expenses due to anticipated changes in operations (e.g., cost of System contract operations and bulk water and wastewater service).

Included in the forecast of System Gross Revenues is additional rate revenue associated with marginal rate adjustments that are assumed to meet the overall expenditure requirements of the System.

Principal Assumptions Regarding Projected Operating Results

In the preparation of this Report and the conclusions that follow, we have made certain assumptions with respect to conditions that may occur in the future. While we believe the assumptions are reasonable for the purpose of this Report, they are dependent upon future events and actual conditions may differ from those assumed. In addition, for our projections, estimates and studies, we have used and relied upon certain information and assumptions provided to us or prepared by others, including: i) information and assumptions provided to us by the District such as data regarding historical financial information and historical customer and sales statistics; ii) information contained in the District's Annual Financial Reports; and iii) information provided by the District's System Manager. While we have no reason to believe such information and assumptions are inaccurate or unreasonable and we believe the use thereof to be reasonable for the purpose of this Report, we offer no further assurances with respect thereto. To the extent that actual conditions differ from those assumed by us herein or from information or assumptions provided to us, or prepared by others, the actual results will vary from those estimated and projected herein.

In making the projections and estimates summarized in this Report, the principal considerations and assumptions made by us and the principal information and assumptions provided to us, or prepared by others, include the following:

1. The Fiscal Year 2017 Operating Budget as prepared and provided by the District and the unaudited Fiscal Year 2016 operating results served as a base line for the expenditure projections and the underlying assumptions reflected in the budget therein were assumed to be reasonable and representative of anticipated operations.

2. Projected revenues from current rates and charges for the District's water, wastewater, and reclaimed water systems were based on the schedule of rates and charges currently in effect and as adopted by the District pursuant to the Rate Resolution. Additional marginal rate adjustments have been identified and recognized during the Forecast Period (essentially inflationary adjustments). A summary of the forecasted increases in rate revenues are identified in subsequent sections of this Report.
3. Projected District Operating Expenses associated with operation and maintenance of the District's infrastructure as estimated for the Fiscal Year 2017 was subsequently escalated for the Forecast Period (through Fiscal Year 2022). The average annual increase in total expenses was assumed to be 3% per year assuming the following:
 - a. Projected Operating Expenses for the initial Fiscal Year was based upon the District's Adopted Fiscal Year 2017 Utility Budget, as adjusted for known or anticipated changes, reflects the most recent annual financial projections of the utility as presented to the Board at the time of this study.
 - b. Approximately 90% of total operating expenses are related to contractual services provided by CCUA. Pursuant to discussions with CCUA staff, it was assumed beginning in the Fiscal Year 2018 that the rates for service to the District may be increased by approximate 3.0% annually. However, it should be noted that no formal increases have been approved to our knowledge.
 - c. All other operating expenses such as insurance, professional, and management services, were escalated based on a range of factors resulting in an average approximate increase of 4.0% annually for purposes of this analysis during the Forecast Period.
4. As previously discussed in this Report, the District does not own and does not anticipate acquiring any potable water production and treatment, wastewater treatment, primary water or wastewater transmission, or effluent disposal facilities. The District has entered into the Service Agreement with the Authority whereby the District purchases wholesale potable water, wastewater treatment, and effluent disposal service. The District, in turn, provides potable water, sanitary sewer, and effluent irrigation service on a retail basis to customers located within the District's service territory. The Service Agreement sets forth the terms of capacity reservation, billing procedures, and other pertinent agreements between the District and the Authority. Wholesale potable water and wastewater costs for the Forecast Period associated with wholesale service from the Authority were based on:
 - i) historical consumption levels of the District adjusted for an allowance for unbilled use which is common in the utility industry;
 - ii) projected customer and water / wastewater / reclaimed water usage growth as previously discussed for the Forecast Period;
 - iii) the current and adopted water and wastewater rates charged by the Authority to the District predicated on the provisions of the Service Agreement between the two parties for such services. With respect to the rates for wholesale service, the Service Agreement states that the rates charged to the District will be equivalent to 75% of the Authority's water, wastewater, and reclaimed water system retail rates. As previously discussed and based on

discussions with District staff, 3% annual increases were assumed beginning with the Fiscal Year 2018. Based on these assumptions, the estimated cost of wholesale purchases from the Authority were estimated as follows:

Estimated Wholesale Costs – Service Agreement				
<u>Fiscal Year</u>	<u>Water</u>	<u>Wastewater</u>	<u>Reclaimed</u>	<u>Total</u>
2017	\$777,005	\$1,404,623	\$219,762	\$2,401,390
2018	799,906	1,446,849	226,347	2,473,102
2019	823,728	1,490,495	233,180	2,547,403
2020	847,555	1,534,601	240,090	2,622,246
2021	872,526	1,579,628	247,151	2,699,305
2022	897,979	1,627,858	254,289	2,780,126

- In addition to the Service Agreement associated with providing wholesale water, wastewater, and reclaimed water service by the Authority to the District, the two parties have also entered into the O&M Agreement to operate and maintain the potable water distribution and the wastewater collection system (exclusive of the District-owned reclaimed water system) within the District's service territory. Such services include, but are not limited to: i) allowances for meter reading; ii) System repairs and maintenance; iii) operating inspections; iv) performance of recurring capital improvements; and v) customer billing on behalf of the District. The projection of the cost of operations and maintenance for the Forecast Period was based on i) the current rates for service, as referenced in the O&M Agreement, will be equal to 25% of the Authority's retail rates; ii) information provided by the Authority with respect to projected increases in the cost of operations and maintenance to be billed to the District; and iii) projected customer statistics for the Forecast Period. Based on these assumptions, the following annual operations and maintenance expenses were projected:

Estimated Contracted Operations Expense – O&M Agreement			
<u>Fiscal Year</u>	<u>Water System</u>	<u>Wastewater System</u>	<u>Total</u>
2017	\$257,622	\$465,714	\$723,336
2018	265,215	479,714	744,929
2019	273,114	494,185	767,299
2020	281,014	508,809	789,823
2021	289,293	523,738	813,031
2022	297,732	539,729	837,461

- In addition to the cost for the operation and maintenance of the System, the District also has retained an outside professional consulting firm to oversee the administrative and day-to-day operations of the District's System. Specifically, the District has entered into the management contract to provide the management, accounting (daily financial reporting), and budgetary support to the District with Government Management Services, LLC (the "System Manager"). The management contract includes, among other things, the services to be provided by the System Manager to the District, the fees charged for such services, and the responsibilities of the District. The District is charged an annual fee by for the management services rendered. Based on information provided by the District as of the

date of this Report with respect to projections of future System management costs, the following annual System expenditures were recognized:

Fiscal Year	System Manager Expenses	Other Administrative Expenses	Total Administrative Expenses
2017	\$55,618	\$90,026	\$145,644
2018	57,690	93,841	151,531
2019	59,842	97,823	157,665
2020	62,086	101,989	164,075
2021	64,415	106,338	170,753
2022	66,834	110,879	177,713

7. A one (1%) percent operating expense contingency was assumed during the Forecast Period to account for possible unexpected operating expenses. The average operating expense associated with the contingency averages approximately \$18,400 per year for the Forecast Period.
8. As previously discussed the District is in process of issuing the Series 2016 Bonds in order to refund and redeem the outstanding Series 2007 Bonds (previously defined as the Refunded Bonds). The debt service schedule and assumptions associated with the plan of finance were provided by the District's Financial Advisor and such schedules are contingent upon final closing for the bonds on or about December 27, 2016. The amounts shown are based on the monthly funding requirements of the various sinking funds as required by the Trust Indenture, which authorized the issuance of the Series 2016 Bonds (essentially an accrual basis) as opposed to when the debt service requirements are actually paid by the Trustee. The repayment of the debt service on the Series 2016 Bonds is from the Pledged Revenues of the System, which includes the Net Revenues and Connection Fees. Below is a summary of the annual debt service payments recognized during the Forecast Period:

Fiscal Year	Annual Debt Service	Coverage Requirement [*]	Total Debt Service Requirement
2017	\$1,613,688	\$80,684	\$1,694,372
2018	1,742,369	87,118	1,829,487
2019	1,740,119	87,006	1,827,125
2020	1,741,589	87,079	1,828,668
2021	1,740,439	87,022	1,827,461
2022	1,741,201	87,060	1,828,261

[*] The coverage requirement identified represents 5% of the Annual Debt Service representing the minimum rate covenant debt service coverage requirement. The coverage requirement does not represent an expenditure of the System, but is considered as a revenue requirement in order to have sufficient Net Revenues to meet the rate covenant requirements as defined in the Trust Indenture. Such amounts were assumed to be transferred to the Surplus Fund for other purposes of the System, including the potential early retirement of debt.

The total debt service requirement as indicated reflects the targeted revenue in development of the Debt Capacity Charge and on a stand-alone basis would be expected to generate sufficient revenues to maintain compliance with the rate covenant of the Trust Indenture. This assumes that the District will continue to pass-through the contractual charges from CCUA as previously discussed.

9. With exception to the Series 2016 Bonds, no additional debt service is anticipated to be required or issued by the District on behalf of the System during the Forecast Period.
10. The District budgets capital outlay expenditures for furniture, fixtures, equipment, new meter installations, and other related items. Since such expenses represent a capital expenditure as opposed to an Operating Expense, such expenditures were reclassified as a payment after the payment of Operating Expenses. The amount of capital expenditures was provided by District staff and is assumed to average approximately \$11,300 annually for the Forecast Period.
11. Investment income on available funds to the System has been estimated utilizing average annual interest rates of fifteen basis points (0.15%) to forty-five basis points (0.45%) during the Forecast Period. The interest rates have been applied to estimated balances in Operating, Debt Service, Rate Stabilization, and Surplus Funds/Accounts available to the utility, which would be generally considered as unrestricted with respect to the determination of the Net Revenues for compliance with the Trust Indenture. We have also assumed that any interest earnings on the Connection Fee and the Construction Funds, if any, will be deposited in the respective funds and not be available for Operating Expenses or other expenditure requirements. Average annual interest income for the Forecast Period is estimated at \$17,900 annually.
12. For the purpose of this analysis, no funds from available water, wastewater, and reclaimed water Connection Fees have been included in the funding of the operations, maintenance and renewals and replacements portion of the financial analysis contained herein. With respect to the water and wastewater system, such amounts are not maintained by the District but are passed through to the Authority to fund capacity purchases.

Summary of Projected Operating Results

Revenue Sufficiency

As previously mentioned the existing rates of the District are generally anticipated to meet the projected revenue requirements of the System, assuming marginal rate increases beginning with the Fiscal Year 2018. The general methodology for the determination of the required rate increases is based upon the development of the projected net revenue requirements as shown below:

+	Cost of Operation and Maintenance / Bulk Purchases
+	Debt Service Payments
+	Debt Service Coverage
+	Capital Expenditures from Rates / Deposit to Renewal and Replacement Fund
+	Required Transfers / Financial Compliance
-	Other Operating Revenue and Income
=	Net Revenue Requirements (Funded from Rates)

The following is a summary of the identified rate adjustments and projected operating results based on these scenarios; the detailed calculations are included on Tables 4 and 5 at the end of this Report:

Projected System Net Revenue Requirements and Identified Rate Adjustments [1][2]						
	Projected Fiscal Year Ending September 30,					
	2017	2018	2019	2020	2021	2022
Operating Expenses	\$3,439,783	\$3,541,721	\$3,647,341	\$3,754,092	\$3,864,087	\$3,979,434
Debt Service Requirement [3]	1,613,688	1,742,369	1,740,119	1,741,589	1,740,439	1,741,201
Miscellaneous Capital Outlay [4]	10,000	10,500	11,025	11,576	12,155	12,763
Transfers to Other Funds [5]	485,683	238,973	246,642	251,325	259,758	266,793
Gross Revenue Requirements	<u>\$5,549,154</u>	<u>\$5,533,563</u>	<u>\$5,645,127</u>	<u>\$5,758,582</u>	<u>\$5,876,439</u>	<u>\$6,000,191</u>
Less Income and Funds from Other Sources [6]	67,498	71,152	74,546	77,913	81,657	85,695
Net Revenue Requirements	<u>\$5,481,656</u>	<u>\$5,462,411</u>	<u>\$5,570,581</u>	<u>\$5,680,669</u>	<u>\$5,794,782</u>	<u>\$5,914,496</u>
Existing Rate Revenues Projected	<u>5,607,159</u>	<u>5,713,416</u>	<u>5,821,586</u>	<u>5,931,674</u>	<u>6,045,787</u>	<u>6,165,501</u>
Revenue Surplus / (Deficiency)	\$125,503	\$251,006	\$251,005	\$251,005	\$251,006	\$251,005
Recommended Rate Revenues Projected	<u>\$5,481,656</u>	<u>\$5,462,411</u>	<u>\$5,570,581</u>	<u>\$5,680,669</u>	<u>\$5,794,782</u>	<u>\$5,914,496</u>
Revenue Surplus / (Deficiency) after Adjustments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

[1] Derived from Table 4 at the end of this Report. Values may not add up due to rounding.

[2] The projected financial operations and recommended rates do not recognize any transfers from the Rate Stabilization Fund.

[3] Debt service payments represent the debt service on an accrued basis.

[4] Represents capital outlays for the reclaimed water system, for which CCUA is not contractually responsible.

[5] Reflects transfers to operating reserves for rate covenant compliance.

[6] Reflects Income from Other sources, primarily comprised of miscellaneous charges, interest income, and service charges.

As can be seen above, the net revenue requirements of the System are anticipated to increase during the Forecast Period. The primary reason for the projected increases is related to assumed increases in the contractual operating expenses from CCUA.

Compliance

Pursuant to the rate covenant of the Trust Indenture, the District must maintain Net Revenues equal to or greater than 1.05x the Annual Debt Service associated with the Outstanding Bonds. It is recommended that the District target a greater coverage factor in order to provide a contingency to ensure compliance with the covenant, as well as, provide additional funds for future capital needs beyond the Forecast Period. The following table provides a summary of projected debt service coverage for the Forecast Period:

Projected Rate Covenant Compliance – Debt Coverage [*]				
Fiscal Year	Net Revenues	Annual Debt Service	Calculated Coverage	Required Coverage
2017	\$2,109,371	\$1,613,688	1.31x	1.05x
2018	1,991,842	1,742,369	1.14x	1.05x
2019	1,997,786	1,740,119	1.15x	1.05x
2020	2,004,490	1,741,589	1.15x	1.05x
2021	2,012,352	1,740,439	1.16x	1.05x
2022	2,020,757	1,741,201	1.16x	1.05x

[*] Amounts shown derived from Table 5 and are calculated in accordance with the rate covenant provisions of the Trust Indenture.

Any excess cash derived from the application of the coverage allowance is assumed to be transferred to the Surplus Fund for any lawful purpose of the District, which would include future capital needs and the potential early retirement of any outstanding indebtedness at the date of Optional Redemption without penalty beginning on October 1, 2026. To the extent that the District does have a coverage allowance in excess of the minimum requirement as defined in the Trust Indenture, the District could also transfer such "additional" coverage into the Rate Stabilization Account to provide additional rate relief in future periods.

Additionally, the Trust Indenture requires that the District maintain a minimum balance within certain funds of the District. The requirements include, but are not limited to:

- **Operations and Maintenance Fund.** Must equal the sum of the Budgeting Operating Expenses for the current month plus Operating Reserve Account Requirement. Funds are only available to pay Operating Expenses.
 - **Operating Reserve Account.** The Operating Reserve account must equal an amount greater than \$270,000 but less than \$720,000.
- **Debt Service Fund:**
 - **Reserve Account.** Must equal the lesser of the Maximum Annual Debt Service for all Outstanding Bonds, 125% of the average Annual Debt Service for all Outstanding Bonds, or the maximum amount allowed to be funded from proceeds of tax-exempt obligations and invested at an unrestricted yield pursuant to the Code.
 - **Series 2016 Reserve Account Requirement.** Fifty percent (50%) of the Maximum Annual Debt Service for all Outstanding Series 2016 Bonds, as of any date of calculation.
- **Renewal and Replacement Fund.** Must equal five percent (5%) of the Gross Revenues for the preceding Fiscal Year or a greater or less amount as determined by the Consulting Engineer.
- **Surplus Fund:**
 - **Rate Stabilization Account.** Must equal fifteen percent (15%) of the Annual Debt Service on all Outstanding Bonds

Based on discussions with District staff and pursuant to the plan of finance associated with the anticipated issuance of the Series 2016 Bonds as provided by the District's Financial Advisor, it is expected that the District will fully fund the requirements listed above for the current Fiscal Year 2017. Based upon the assumptions and corresponding financial projections identified herein, it is expected that the District would maintain compliance with all the enumerated Trust Indenture requirements for the duration of the Forecast Period. For additional information concerning projected cash balances please reference Table 6 at the end of this Report.

Fund Balances

The beginning fund balances for the test year and the projected year end balances for the Forecast Period are summarized in the table below:

	Projected Ending Fund Balances [1]						
	Projected Fiscal Year Ending September 30,						
	2017 [2]	2017	2018	2019	2020	2021	2022
Operating & Surplus Fund Reserves	\$3,637,739	\$2,975,442	\$3,214,415	\$3,461,057	\$3,712,382	\$3,972,140	\$4,238,933
Customer Deposits	232,448	232,448	232,448	232,448	232,448	232,448	232,448
Debt Service Sinking Fund	1,286,325	1,221,633	1,441,382	1,447,757	1,458,492	1,467,917	1,480,798
Debt Service Reserve Account	984,037	0	0	0	0	0	0
Renewal & Replacement Fund	271,273	288,845	289,567	290,436	291,453	292,619	293,936
Rate Stabilization Fund	385,164	262,289	262,945	263,734	264,657	265,716	266,912
Total Projected End Of Year Balances	\$6,796,985	\$4,980,656	\$5,440,756	\$5,695,431	\$5,959,431	\$6,230,839	\$6,513,026

[1] Derived from Table 6 at the end of this Report. Values may not add up due to rounding.

[2] Beginning of Fiscal Year 2017 fund balances, before refunding Series 2007 bonds.

Based upon the final Plan of Finance for the Series 2016 Bonds provided by the District's Financial Advisor, approximately \$1.1 million from the Operating and Surplus Fund Reserve was utilized for the refinancing. The \$1.1 million was derived from liquidating the 2007 Surplus fund \$1.4 million from the liquidation of the 2007 Surplus Fund less the minimum \$270,000 required by the Trust Indenture). In addition, the Plan of Finance required approximately \$123,000 from the Rate Stabilization fund and full liquidation of the Debt Service Reserve Account (approximately \$984,000). Further detail regarding these transfers, as well as others may be found by referring to Table 6 at the end of this report.

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Debt Capacity Charge and Administrative Charge Evaluation

PRMG was tasked to: i) perform a rate study to support the District in their efforts to refinance certain outstanding indebtedness; and ii) discuss the reasonableness of reducing the existing Debt Capacity and Administrative Charges. For purposes of this analysis PRMG calculated the Debt Capacity Charge to recover the total debt service requirement comprised of i) the Annual Debt Service plus a five (5) percent coverage margin allowance. PRMG then divided such costs by the applicable ERCs currently charged by the District which was assumed to remain constant during the Forecast Period. The following table provides a summary of calculated charge in support of our recommendations:

	Development of Debt Capacity Charge [1]					
	Fiscal Year Ended September 30,					
	2017	2018	2019	2020	2021	2022
Annual Debt Service	\$1,613,688	\$1,742,369	\$1,740,119	\$1,741,589	\$1,740,439	\$1,741,201
Adjusted Debt Service Requirement [2]	\$1,693,634	\$1,829,487	\$1,827,125	\$1,828,668	\$1,827,461	\$1,828,261
ERCs [3]	4,142	4,142	4,142	4,142	4,142	4,142
Calculated Average Monthly Debt Charge per ERC – Rounded	\$39.00[4]	\$37.00	\$37.00	\$37.00	\$37.00	\$37.00
Debt Capacity Charge Revenue	\$1,938,207	\$1,839,048	\$1,839,048	\$1,839,048	\$1,839,048	\$1,839,048

[1] Derived from Table 2 at end of this Report.

[2] Derived from Table 1 at end of this Report.

[3] Reflects an increase for a 1.05x Targeted Coverage and reduction for related interest income.

[4] Reflects a rate decrease effective six months after the start of Fiscal Year 2017.

As can be seen above the calculated Debt Capacity Charge revenue is expected to meet or exceed the minimum targeted requirement. The marginal differences exhibited in the later portion of the Forecast Period is attributable to rounding up of the Debt Capacity Charge so as to eliminate the need to annually adjust the fee for the marginal changes in debt service, everything else being held constant.

As previously discussed the Administrative Fee is intended to recover the costs associated with contracted management, professional services and other administrative type expenditures of the System. Although as previously discussed (reference assumption No. 6) the identified administrative costs is expected to average approximately \$161,000 annually during the Forecast Period, it is recommended that the Administrative Fee be set to \$0.00. The reason for the reduction in the fee is to offset projected surplus generated from reclaimed water system sales. The table on the following page presents a comparative forecast of the associated administrative costs and projected net reclaimed rate revenues of the System:

(Remainder of page intentionally left blank)

Summary of Projected Reclaimed System Net Revenue vs. Administrative Cost [1]

Description	Fiscal Year Ending September 30,					
	2017	2018	2019	2020	2021	2022
Annual Administrative Expenses	<u>\$145,644</u>	<u>\$151,531</u>	<u>\$157,665</u>	<u>\$164,075</u>	<u>\$170,753</u>	<u>\$177,713</u>
Projected Reclaimed Annual Rate Rev	\$668,326	\$688,580	\$709,712	\$731,166	\$753,264	\$775,685
Projected Reclaimed Bulk Expense	<u>219,762</u>	<u>226,347</u>	<u>233,180</u>	<u>240,090</u>	<u>247,151</u>	<u>254,289</u>
Net Reclaimed Rate Revenues	<u>\$448,564</u>	<u>\$462,233</u>	<u>\$476,532</u>	<u>\$491,076</u>	<u>\$506,113</u>	<u>\$521,396</u>
Available for Administrative Expenses	<u>\$302,920</u>	<u>\$310,702</u>	<u>\$318,867</u>	<u>\$327,001</u>	<u>\$335,360</u>	<u>\$343,683</u>

[1] Reclaimed System covers other general expenses in addition to the Administrative Costs.

As can be seen from the prior table, due to the additional funding from the reclaimed system is adequate to finance the administrative expenses of the System and therefore it is recommended that the Administrative Fee be reduced to \$0.00.

CUSTOMER BILL IMPACTS

Based upon the recommended reductions to the Administrative Fee and the Debt Capacity Charge, everything else held constant, the water and wastewater bill for an equivalent residential connection would see a reduction of \$5.05 per month.

FINDINGS, RECOMMENDATIONS, AND CONCLUSIONS

Based on our assumptions, findings and analyses, as summarized herein, we are of the opinion that:

1. Recommend Board consideration for the reduction to the Administrative Fee to \$0.00 and the Debt Capacity Fee to \$37.00 to limit over recovery based on assumptions of the Study as disclosed herein.
2. The District's rates for water, wastewater, and reclaimed water service, including recommended reductions to the Debt Capacity and Administrative Fee, are anticipated to be sufficient to meet operating expenses, debt service payment, coverage requirements, and other revenue requirements for each respective utility system for the Fiscal Year 2017. With exception to increases to pass-through increases associated with service from CUA, no other increases to the Administrative Fee or Debt Capacity Fee are identified during the Forecast Period.
3. It is recommended that District annually estimate compliance with the Trust Indenture prior to the close of a given fiscal year to ensure that there is no need for transfers from the Rate Stabilization Fund to maintain compliance with the rate covenant as delineated in the Trust Indenture. Additionally, should the utility require a transfer from the Rate Stabilization Fund to meet compliance with the rate covenant, it is recommended that the Board in turn evaluate and adopt rates, if needed, to ensure compliance for the subsequent fiscal year.

THE CROSSINGS AT FLEMING ISLAND COMMUNITY DEVELOPMENT DISTRICT

**REVENUE SUFFICIENCY ANALYSIS AND
DEBT CAPACITY CHARGE EVALUATION**

LIST OF TABLES

<u>Table No.</u>	<u>Description</u>
1	Historical and Projected Water, Wastewater, and Reuse System Customer Statistics
2	Development of Debt Capacity Charge
3	Projected Cost of Operation and Maintenance Expenses
4	Projected Net Revenue Requirements and Recommended System Rate Revenues
5	Projected Debt Service Coverage Analysis
6	Projection of Fund Balances and Interest Income



TABLES

Table 1

**Crossing at Fleming Island Community Development District
Revenue Sufficiency Study**

Historical and Projected Water, Wastewater, & Reuse System Customer Statistics [1]

Line No.	Description	Fiscal Year Ended Sept. 30,			Estimated	Fiscal Year Ending Sept. 30,				
		2014[2]	2015	2016[2]	2017	2018	2019	2020	2021	2022
WATER SYSTEM										
Residential Class										
1	Account / ERC Growth		75	(13)	0	0	0	0	0	0
2	Average Annual Accounts / ERCs	3,182	3,257	3,244	3,244	3,244	3,244	3,244	3,244	3,244
3	Total Sales (000's)	189,787	192,335	192,543	190,747	190,747	190,747	190,747	190,747	190,747
4	Average Monthly Use Per ERC (Gallons)	4,970	4,921	4,946	4,900	4,900	4,900	4,900	4,900	4,900
Commercial Class										
5	Account Growth		14	4	0	0	0	0	0	0
6	ERC Growth		27	6	0	0	0	0	0	0
7	Average Annual Accounts	272	286	290	290	290	290	290	290	290
8	Average Annual ERCs	717	744	750	750	750	750	750	750	750
9	Total Sales (000's)	67,253	72,037	83,147	82,800	82,800	82,800	82,800	82,800	82,800
10	Average Monthly Use Per ERC (Gallons)	7,816	8,069	9,239	9,200	9,200	9,200	9,200	9,200	9,200
Total Water Service										
11	ERCs/Unit Growth		102	(7)	0	0	0	0	0	0
12	Average Annual Accounts	3,454	3,543	3,534	3,534	3,534	3,534	3,534	3,534	3,534
13	Average Annual ERCs/Units	3,899	4,001	3,994	3,994	3,994	3,994	3,994	3,994	3,994
14	Total Retail Sales (000's)	257,040	264,372	275,690	273,547	273,547	273,547	273,547	273,547	273,547
15	Average Monthly Flow Per ERC (gallons)	5,494	5,506	5,752	5,707	5,707	5,707	5,707	5,707	5,707

Footnotes on Page 3 of 3.

Table 1

**Crossing at Fleming Island Community Development District
Revenue Sufficiency Study**

Historical and Projected Water, Wastewater, & Reuse System Customer Statistics [1]

Line No.	Description	Fiscal Year Ended Sept. 30,			Estimated	Fiscal Year Ending Sept. 30,				
		2014[2]	2015	2016[2]	2017	2018	2019	2020	2021	2022
WASTEWATER SYSTEM										
Residential Class										
16	Account / ERC Growth		78	(30)	0	0	0	0	0	0
17	Average Annual Accounts / ERCs	3,179	3,257	3,227	3,227	3,227	3,227	3,227	3,227	3,227
18	Total Flows (000's)	180,822	181,917	180,523	178,130	178,130	178,130	178,130	178,130	178,130
19	Average Monthly Use Per ERC (Gallons)	4,740	4,655	4,662	4,600	4,600	4,600	4,600	4,600	4,600
Commercial Class										
20	Account Growth		13	5	0	0	0	0	0	0
21	ERC Growth		24	7	0	0	0	0	0	0
22	Average Annual Accounts	226	239	244	244	244	244	244	244	244
23	Average Annual ERCs	580	604	611	611	611	611	611	611	611
24	Total Flows (000's)	45,123	44,809	50,047	49,858	49,858	49,858	49,858	49,858	49,858
25	Average Monthly Use Per ERC (Gallons)	6,483	6,182	6,826	6,800	6,800	6,800	6,800	6,800	6,800
Total Wastewater Service										
26	ERCs/Unit Growth		102	(23)	0	0	0	0	0	0
27	Average Annual Accounts	3,405	3,496	3,471	3,471	3,471	3,471	3,471	3,471	3,471
28	Average Annual ERCs/Units	3,759	3,861	3,838	3,838	3,838	3,838	3,838	3,838	3,838
29	Total Flows (000's)	225,945	226,726	230,570	227,988	227,988	227,988	227,988	227,988	227,988
30	Average Monthly Flow Per ERC (gallons)	5,009	4,894	5,006	4,950	4,950	4,950	4,950	4,950	4,950

Footnotes on Page 3 of 3.

Table 1

**Crossing at Fleming Island Community Development District
Revenue Sufficiency Study**

Historical and Projected Water, Wastewater, & Reuse System Customer Statistics [1]

Line No.	Description	Fiscal Year Ended Sept. 30,			Estimated	Fiscal Year Ending Sept. 30,				
		2014[2]	2015	2016[2]	2017	2018	2019	2020	2021	2022
REUSE SYSTEM										
Residential Class										
31	Account / ERC Growth		50	(16)	0	0	0	0	0	0
32	Average Annual Accounts / ERCs	2,338	2,388	2,372	2,372	2,372	2,372	2,372	2,372	2,372
Commercial Class										
33	Account Growth		3	0	0	0	0	0	0	0
34	ERC Growth		8	0	0	0	0	0	0	0
35	Average Annual Accounts	85	88	88	88	88	88	88	88	88
36	Average Annual ERCs	303	311	311	311	311	311	311	311	311
Total Reuse Service										
37	ERCs/Unit Growth		58	(16)	0	0	0	0	0	0
38	Average Annual Accounts	2,423	2,476	2,460	2,460	2,460	2,460	2,460	2,460	2,460
39	Average Annual ERCs	2,641	2,699	2,683	2,683	2,683	2,683	2,683	2,683	2,683
40	Bulk Purchases (000's)	399,982	475,593	459,769	418,933	418,933	418,933	418,933	418,933	418,933

Footnotes

[1] Amounts shown based on monthly billing registers as provided by the District and their billing provider (Clay County Utility Authority).

[2] Amounts shown for the Fiscal Year 2014 and Fiscal Year 2016 were based on 11 months of actual billing registers and 1 month of estimated billing registers based on availability of data at the time this study was performed.

Table 2

**Crossing at Fleming Island Community Development District
Revenue Sufficiency Study**

Development of Debt Capacity Charge

Line No.	Description	Projected Fiscal Year Ending September 30,					
		2017	2018	2019	2020	2021	2022
Annual Debt Service Payment							
1	Principal	\$ 635,000	\$ 850,000	\$ 865,000	\$ 885,000	\$ 905,000	\$ 930,000
2	Interest	978,688	892,369	875,119	856,589	835,439	811,201
3	Total	\$ 1,613,688	\$ 1,742,369	\$ 1,740,119	\$ 1,741,589	\$ 1,740,439	\$ 1,741,201
4	Targeted Coverage	1.05	1.05	1.05	1.05	1.05	1.05
5	Adjusted Debt Service	\$ 1,694,372	\$ 1,829,487	\$ 1,827,125	\$ 1,828,668	\$ 1,827,461	\$ 1,828,261
6	Less Debt Related Interest Income	\$ (738)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
7	Targeted Debt Capacity Charge Revenue	\$ 1,693,634	\$ 1,829,487	\$ 1,827,125	\$ 1,828,668	\$ 1,827,461	\$ 1,828,261
8	ERC's/Units	4,142	4,142	4,142	4,142	4,142	4,142
9	Calculated Monthly Debt Charge Per ERC	\$ 34.07	\$ 36.81	\$ 36.76	\$ 36.79	\$ 36.77	\$ 36.78
10	Average Rounded Monthly Debt Charge per ERC	\$ 37.00	\$ 37.00	\$ 37.00	\$ 37.00	\$ 37.00	\$ 37.00
11	Effective Months in Year of New Rate	6.0	12.0	12.0	12.0	12.0	12.0
12	Previous Monthly Debt Charge Per ERC	\$ 40.99	\$ 40.99	\$ 40.99	\$ 40.99	\$ 40.99	\$ 40.99
13	Recognized Monthly Debt Charge Per ERC	\$ 39.00	\$ 37.00	\$ 37.00	\$ 37.00	\$ 37.00	\$ 37.00
Annual Debt Charge Revenue							
14	Monthly Debt Charge Per ERC	\$ 39.00	\$ 37.00	\$ 37.00	\$ 37.00	\$ 37.00	\$ 37.00
15	ERC's/Units	4,142	4,142	4,142	4,142	4,142	4,142
16	Total	\$ 1,938,207	\$ 1,839,048	\$ 1,839,048	\$ 1,839,048	\$ 1,839,048	\$ 1,839,048
Allocation of Annual Debt Charge Revenue							
17	Water System	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%
18	Wastewater System	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%
19	Water System	\$ 988,486	\$ 937,914	\$ 937,914	\$ 937,914	\$ 937,914	\$ 937,914
20	Wastewater System	949,721	901,134	901,134	901,134	901,134	901,134

Table 3

**Crossing at Fleming Island Community Development District
Revenue Sufficiency Study**

Projected Cost of Operation and Maintenance Expenses [1]

Line No.	Description	Adj Budget	Projected Fiscal Year Ending September 30,				
		2017	2018	2019	2020	2021	2022
District Manager							
1	Other Contractual Services	\$0	\$0	\$0	\$0	\$0	\$0
2	Management Contract	57,165	59,452	61,830	64,303	66,875	69,550
3	Management - Additional Meetings	0	0	0	0	0	0
4	Travel Per Diem	500	512	523	536	549	562
5	Telephone & Cell Services	0	0	0	0	0	0
6	Computer Software	500	512	523	536	549	562
7	Total District Manager Expense	58,165	60,475	62,876	65,374	67,972	70,674
Finance							
8	Dissemination Agent	\$1,000	\$1,023	\$1,047	\$1,072	\$1,097	\$1,124
9	Arbitrage	2,000	2,046	2,093	2,143	2,195	2,247
10	Auditing	2,810	2,875	2,941	3,011	3,084	3,158
11	Trustee (Banking Services)	8,000	8,184	8,372	8,573	8,779	8,990
12	Property and Casualty Insurance	36,083	37,887	39,782	41,771	43,859	46,052
13	Miscellaneous Expense	0	0	0	0	0	0
14	Office Supplies	300	307	314	321	329	337
15	Total Finance Expense	\$50,193	\$52,322	\$54,548	\$56,892	\$59,343	\$61,908
Clerk to the Board							
16	Postage	\$1,000	\$1,023	\$1,047	\$1,072	\$1,097	\$1,124
17	Printing & Binding	500	512	523	536	549	562
18	Legal Advertising	1,000	1,023	1,047	1,072	1,097	1,124
19	Total Clerk to the Board Expense	\$2,500	\$2,558	\$2,616	\$2,679	\$2,743	\$2,809

Footnotes on Page 2 of 2.

Table 3

**Crossing at Fleming Island Community Development District
Revenue Sufficiency Study**

Projected Cost of Operation and Maintenance Expenses [1]

Line No.	Description	Adj Budget	Projected Fiscal Year Ending September 30,				
		2017	2018	2019	2020	2021	2022
General Counsel							
20	Legal Services	\$23,786	\$24,737	\$25,727	\$26,756	\$27,826	\$28,939
21	Total General Counsel Expense	\$23,786	\$24,737	\$25,727	\$26,756	\$27,826	\$28,939
Engineering							
22	Engineering Services	\$1,000	\$1,040	\$1,082	\$1,125	\$1,170	\$1,217
23	Total Engineering Expense	\$1,000	\$1,040	\$1,082	\$1,125	\$1,170	\$1,217
Water and Wastewater Services							
24	Other Contractual Services [2]	10,000	10,400	10,816	11,249	11,699	12,167
25	CCUA O&M Contractual Services [2]	723,336	744,929	767,299	789,823	813,031	837,461
26	Laboratory Services	0	0	0	0	0	0
27	Rate Study	0	0	0	0	0	0
28	Telephone and Cell Services	0	0	0	0	0	0
29	Purchased Water Services	777,005	799,906	823,728	847,555	872,526	897,979
30	Purchased Wastewater Services	1,404,623	1,446,849	1,490,495	1,534,601	1,579,628	1,627,858
31	Electricity Services	25,000	25,575	26,163	26,791	27,434	28,093
32	Reclaimed Water	219,762	226,347	233,180	240,090	247,151	254,289
33	Water / Sewer Charges	55,000	55,000	55,000	55,000	55,000	55,000
34	Repairs and Maintenance	72,300	73,963	75,664	77,480	79,340	81,244
35	Miscellaneous	0	0	0	0	0	0
36	Total Water and Wastewater Services Expense	\$3,287,026	\$3,382,969	\$3,482,345	\$3,582,588	\$3,685,808	\$3,794,090
37	Sub-Total Projected System Operating Expenses	\$3,422,670	\$3,524,101	\$3,629,194	\$3,735,414	\$3,844,863	\$3,959,636
38	Contingency at 0.5%	17,113	17,621	18,146	18,677	19,224	19,798
39	Total Projected System Operating Expenses	\$3,439,783	\$3,541,721	\$3,647,340	\$3,754,092	\$3,864,087	\$3,979,435
40	Annual Percent Change		2.96%	2.98%	2.93%	2.93%	2.99%

Footnotes:

- [1] Projected operating expenses were based upon the Fiscal Year 2017 operating budget, unless otherwise noted.
- [2] Projected bulk purchases and contractual operations expenses were projected based upon the application of the existing and projected Clay County Utility Authority (CCUA) rates for service to the projected customer statistics as found on Table 1.

Table 4

Crossing at Fleming Island Community Development District
Revenue Sufficiency Study

Projected Net Revenue Requirements and Recommended System Rate Revenues [1]

Line No.	Description	Projected Fiscal Year Ending September 30.					
		2017	2018	2019	2020	2021	2022
1	Projected System Operating Expenses	\$ 3,439,783	\$ 3,541,721	\$ 3,647,341	\$ 3,754,092	\$ 3,864,087	\$ 3,979,434
	Other Revenue Requirements:						
2	Series 2007 and 2016 Bonds	\$ 1,613,688	\$ 1,742,369	\$ 1,740,119	\$ 1,741,589	\$ 1,740,439	\$ 1,741,201
3	Transfers to Operating Reserves	485,683	238,973	246,642	251,325	259,758	266,793
4	Miscellaneous Capital Outlay	10,000	10,500	11,025	11,576	12,155	12,763
5	Transfers to R&R Fund [2]	-	-	-	-	-	-
6	Transfer to Rate Stabilization Fund	-	-	-	-	-	-
7	Total Other Revenue Requirements	\$ 2,109,371	\$ 1,991,842	\$ 1,997,786	\$ 2,004,490	\$ 2,012,352	\$ 2,020,757
8	Gross Revenue Requirements	\$ 5,549,154	\$ 5,533,563	\$ 5,645,127	\$ 5,758,582	\$ 5,876,439	\$ 6,000,191
	Less Income and Funds from Other Sources:						
9	Other Operating Revenue	\$ 60,000	\$ 60,115	\$ 60,233	\$ 60,359	\$ 60,488	\$ 60,620
10	Transfer From Rate Stabilization Fund	-	-	-	-	-	-
11	Interest Income	7,498	11,037	14,313	17,554	21,169	25,075
12	Net Revenue Requirements	\$ 5,481,656	\$ 5,462,411	\$ 5,570,581	\$ 5,680,669	\$ 5,794,782	\$ 5,914,496
	Revenue From Existing Rate Structure:						
13	Administrative Charge	\$ 52,686	\$ 52,686	\$ 52,686	\$ 52,686	\$ 52,686	\$ 52,686
14	Debt Capacity Charge Revenue	2,037,367	2,037,367	2,037,367	2,037,367	2,037,367	2,037,367
15	Water, Wastewater & Reuse Charges	3,517,106	3,623,363	3,731,533	3,841,621	3,955,734	4,075,448
16	Total Applicable Rate Revenue	\$ 5,607,159	\$ 5,713,416	\$ 5,821,586	\$ 5,931,674	\$ 6,045,787	\$ 6,165,501
	Revenue Surplus/(Deficiency):						
17	Amount	\$ 125,503	\$ 251,006	\$ 251,005	\$ 251,005	\$ 251,006	\$ 251,005
18	Percent of Rate Revenue (Cumulative Change)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Revenues Under Recommended Rates						
19	Administrative Charge	\$ 26,343	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
20	Debt Capacity Charge Revenue	1,938,207	1,839,048	1,839,048	1,839,048	1,839,048	1,839,048
21	Water, Wastewater & Reuse Charges	3,517,106	3,623,363	3,731,533	3,841,621	3,955,734	4,075,448
22	Total Applicable Rate Revenue	\$ 5,481,656	\$ 5,462,411	\$ 5,570,581	\$ 5,680,669	\$ 5,794,782	\$ 5,914,496
	Revenue Surplus/(Deficiency) after Rate Adjustments:						
23	Amount	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
24	Percent of Rate Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Footnotes:

- [1] The projected financial operations and recommended rates do not recognize any transfers from the Rate Stabilization Fund.
- [2] No transfers to the Renewal and Replacement Fund were recognized from rate revenues since: i) Clay County Utility Authority is responsible for the renewal and replacement of the existing infrastructure, with exception of the reuse distribution system; and ii) surplus cash from meeting the debt coverage requirement is annually transferred to the Surplus Fund.

Table 5

**Crossing at Fleming Island Community Development District
Revenue Sufficiency Study**

Projected Debt Service Coverage Analysis

Line No.	Description	Fiscal Year Ending September 30,					
		2017	2018	2019	2020	2021	2022
1	Administrative Charge Revenue	\$ 26,343	\$ -	\$ -	\$ -	\$ -	\$ -
2	Debt Capacity Charge Revenue	1,938,207	1,839,048	1,839,048	1,839,048	1,839,048	1,839,048
3	Water, Wastewater, and Reuse Charges	3,517,106	3,623,363	3,731,533	3,841,621	3,955,734	4,075,448
4	Other Operating Revenue	60,000	60,115	60,233	60,359	60,488	60,620
5	Unrestricted Interest Income	7,498	11,037	14,313	17,554	21,169	25,075
6	Rate Stabilization Transfer for Debt Charge Reduction	-	-	-	-	-	-
7	Total Gross System Revenues	\$ 5,549,154	\$ 5,533,563	\$ 5,645,127	\$ 5,758,582	\$ 5,876,439	\$ 6,000,191
8	Total System Operating Expenses	\$ 3,439,783	\$ 3,541,721	\$ 3,647,341	\$ 3,754,092	\$ 3,864,087	\$ 3,979,434
9	Net Revenues	\$ 2,109,371	\$ 1,991,842	\$ 1,997,786	\$ 2,004,490	\$ 2,012,352	\$ 2,020,757
10	Annual Debt Service - Senior Lien Debt: Series 2007 and 2016 Bonds	\$ 1,613,688	\$ 1,742,369	\$ 1,740,119	\$ 1,741,589	\$ 1,740,439	\$ 1,741,201
11	Coverage Ratio - Calculated	130.7%	114.3%	114.8%	115.1%	115.6%	116.1%
12	Coverage Ratio - Required	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%
13	Net Revenues Less Annual Debt Service Less Adjustments for Other Required Transfers	\$ 495,683	\$ 249,473	\$ 257,667	\$ 262,901	\$ 271,913	\$ 279,555
14	Required R&R Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Reserve Account Requirement	-	-	-	-	-	-
16	Amount Available For Other Purposes	\$ 495,683	\$ 249,473	\$ 257,667	\$ 262,901	\$ 271,913	\$ 279,555

Table 6

Crossing at Fleming Island Community Development District
Revenue Sufficiency Study

Projection of Fund Balances and Interest Income [1]

Line No.	Description	Fiscal Year Ending September 30,					
		2017	2018	2019	2020	2021	2022
SUMMARY OF PROJECTED ENDING BALANCES:							
1	SURPLUS FUND - OPERATING RESERVES	\$ 2,975,442	\$ 3,214,415	\$ 3,461,057	\$ 3,712,382	\$ 3,972,140	\$ 4,238,933
2	CUSTOMER DEPOSITS	232,448	232,448	232,448	232,448	232,448	232,448
3	SURPLUS FUND - DEBT REPAYMENT ACCOUNT	1,221,633	1,441,382	1,447,757	1,458,492	1,467,917	1,480,798
4	RATE STABILIZATION FUND	262,289	262,945	263,734	264,657	265,716	266,912
5	RENEWAL & REPLACEMENT FUND	288,845	289,567	290,436	291,453	292,619	293,936
6	DEBT SERVICE RESERVE ACCOUNT	-	-	-	-	-	-
7	TOTAL PROJECTED END OF YEAR FUND BALANCES	\$ 4,980,656	\$ 5,440,756	\$ 5,695,431	\$ 5,959,431	\$ 6,230,839	\$ 6,513,026
8	INTEREST EARNINGS ON DEPOSITS	0.15%	0.25%	0.30%	0.35%	0.40%	0.45%
SURPLUS FUND - OPERATING RESERVES							
9	Beginning Balance	\$ 3,637,739	\$ 2,975,442	\$ 3,214,415	\$ 3,461,057	\$ 3,712,382	\$ 3,972,140
10	Transfers In - Operations	485,683	238,973	246,642	251,325	259,758	266,793
11	Total Funds Available	4,123,422	3,214,415	3,461,057	3,712,382	3,972,140	4,238,933
12	Transfers Out - R&R Fund	17,152	-	-	-	-	-
13	Transfers Out - Sinking Fund	-	-	-	-	-	-
14	Transfers Out - Series 2007 Revenue Refunding Bond Early R	1,130,829	-	-	-	-	-
15	Total Transfers Out	1,147,981	-	-	-	-	-
16	Interest Rate	0.15%	0.25%	0.30%	0.35%	0.40%	0.45%
17	Interest Income	4,960	7,737	10,013	12,554	15,369	18,475
18	Interest Income Used to Pay Revenue Requirements	4,960	7,737	10,013	12,554	15,369	18,475
19	End of Year Transfers In	-	-	-	-	-	-
20	Ending Balance	2,975,442	3,214,415	3,461,057	3,712,382	3,972,140	4,238,933
21	Days Operating Expenses in Reserve	316	331	346	361	375	389
22	CUSTOMER DEPOSITS	\$ 232,448	\$ 232,448	\$ 232,448	\$ 232,448	\$ 232,448	\$ 232,448
RATE STABILIZATION FUND							
23	Beginning Balance	\$ 385,164	\$ 262,289	\$ 262,945	\$ 263,734	\$ 264,657	\$ 265,716
24	Transfers In - Operations	-	-	-	-	-	-
25	Total Funds Available	385,164	262,289	262,945	263,734	264,657	265,716
26	Transfers Out - Revenue Requirements	-	-	-	-	-	-
27	Transfers Out - Issuance of Series 2016 Utility Refunding Rev	123,360	-	-	-	-	-
28	Total Transfers Out	123,360	-	-	-	-	-
29	Interest Rate	0.15%	0.25%	0.30%	0.35%	0.40%	0.45%
30	Interest Income	485	656	789	923	1,059	1,196
31	Interest Income Used to Pay Revenue Requirements	-	-	-	-	-	-
32	Ending Balance	262,289	262,945	263,734	264,657	265,716	266,912

Footnotes on Page 2 of 2.

Table 6

Crossing at Fleming Island Community Development District
Revenue Sufficiency Study

Projection of Fund Balances and Interest Income [1]

Line No.	Description	Fiscal Year Ending September 30,					
		2017	2018	2019	2020	2021	2022
RENEWAL & REPLACEMENT FUND							
33	Beginning Balance	\$ 271,273	\$ 288,845	\$ 289,567	\$ 290,436	\$ 291,453	\$ 292,619
34	Transfers In - Operations	-	-	-	-	-	-
35	Transfers In - Issuance of Series 2016 Utility Refunding Reven	17,152	-	-	-	-	-
36	Total Funds Available	288,425	288,845	289,567	290,436	291,453	292,619
37	Transfers Out - CIP	-	-	-	-	-	-
38	Total Transfers Out	-	-	-	-	-	-
39	Interest Rate	0.15%	0.25%	0.30%	0.35%	0.40%	0.45%
40	Interest Income	420	722	869	1,017	1,166	1,317
41	Interest Income Used to Pay Revenue Requirements	-	-	-	-	-	-
42	Ending Balance	288,845	289,567	290,436	291,453	292,619	293,936
DEBT SERVICE SINKING FUND							
43	Beginning Balance	\$ 1,286,325	\$ 1,221,633	\$ 1,441,382	\$ 1,447,757	\$ 1,458,492	\$ 1,467,917
Transfers In - Sinking Fund Deposits							
44	Existing Debt	1,613,688	1,742,369	1,740,119	1,741,589	1,740,439	1,741,201
45	Proposed Debt	-	-	-	-	-	-
46	Issuance of Series 2016 Utility Refunding Revenue Bonds	-	-	-	-	-	-
47	Surplus Fund / Reserves	134,196	10,723	-	-	-	-
Transfers Out - Payments							
48	Existing Debt (Series 2007 Bonds)	1,576,448	-	-	-	-	-
49	Existing Debt (Series 2016 Bonds)	236,128	1,533,344	1,733,744	1,730,854	1,731,014	1,728,320
50	Interest Rate	0.15%	0.25%	0.30%	0.35%	0.40%	0.45%
51	Interest Income	1,800	3,300	4,300	5,000	5,800	6,600
52	Interest Income Used to Pay Revenue Requirements	1,800	3,300	4,300	5,000	5,800	6,600
53	Interest Income Used to Pay Debt Service	-	-	-	-	-	-
54	Ending Balance	1,087,437	1,430,658	1,447,757	1,458,492	1,467,917	1,480,798
DEBT SERVICE RESERVE ACCOUNT							
55	Beginning Balance	\$ 984,037	\$ -	\$ -	\$ -	\$ -	\$ -
56	Transfers In - New Indebtedness	-	-	-	-	-	-
57	Total Funds Available	984,037	-	-	-	-	-
58	Transfers Out - Issuance of Series 2016 Utility Refunding Rev	984,037	-	-	-	-	-
59	Total Transfers Out	984,037	-	-	-	-	-
60	Interest Rate	0.15%	0.25%	0.30%	0.35%	0.40%	0.45%
61	Interest Income	738	-	-	-	-	-
62	Interest Income Used to Pay Revenue Requirements	738	-	-	-	-	-
63	Interest Income Used to Pay Debt Service	738	-	-	-	-	-
64	Ending Balance	-	-	-	-	-	-
INTEREST INCOME							
65	Restricted to Respective Fund	885	1,456	1,589	1,923	2,259	2,596
66	TOTAL INTEREST INCOME	\$ 8,383	\$ 12,493	\$ 15,902	\$ 19,477	\$ 23,428	\$ 27,671

Footnotes:

[1] Projected cash balances assume implementation of recommended rate adjustments as identified within this report.