

**Golden Lakes  
Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2013**

**Golden Lakes Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2013**

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# 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  
Golden Lakes Community Development District  
Polk County, Florida

### Report on the Financial Statements

We have audited the accompanying basic financial statements of Golden Lakes Community Development District as of and for the year ended September 30, 2013, 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.

Fort Pierce / Stuart

To the Board of Supervisors  
Golden Lakes 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 the major fund of Golden Lakes Community Development District as of September 30, 2013, 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

#### *Management's Discussion and Analysis*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with the 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 May 21, 2014 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 Golden Lakes Community Development District's internal control over financial reporting and compliance.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

May 21, 2014

**Golden Lakes Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013**

Management's discussion and analysis of Golden Lakes Community Development District (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 fund. 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 are reported in three categories; 1) invested in capital assets, net of related debt, 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 also 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 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.

**Golden Lakes Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013**

**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.

The *government-wide financial statement* is designed to provide the reader with a broad overview of the District's finances, in a manner similar to a private sector business. In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations. The effect of interfund activity has been eliminated from the government-wide financial statements. In contrast, the governmental fund financial statements are grouped into funds to account for and to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis where as revenues are recorded when collected in the current period or within 60 days of year-end and expenditures are recorded when a liability is incurred. The difference between the two statements arises primarily from the long-term economic focus of the government-wide statements versus the current financial resources focus of the fund financial statements. A reconciliation of the government-wide and the fund financial statement is proved to illustrate these differences.

*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, 2013.

- ◆ The District's total assets exceeded total liabilities by \$5,338,065 (net position). Unrestricted net position for governmental activities was \$632,803. Invested in capital assets net of related debt for the district were \$4,705,262.
- ◆ Governmental activities revenues totaled \$679,238 while governmental activities expenses totaled \$930,735.

**Golden Lakes Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013**

**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 and is presented by category for comparison purposes.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Current assets	\$ 650,005	\$ 514,364
Capital assets	4,705,262	5,092,139
Total Assets	<u>5,355,267</u>	<u>5,606,503</u>
 Current liabilities	 <u>17,202</u>	 <u>16,941</u>
Invested in capital assets, net of related debt	4,705,262	5,092,139
Net position - unrestricted	<u>632,803</u>	<u>497,423</u>
 Total Net Position	 <u><u>\$ 5,338,065</u></u>	 <u><u>\$ 5,589,562</u></u>

The increase in current assets and net position unrestricted was primarily due to revenues in excess of expenditures at the fund level in the current year.

The decrease in capital assets was primarily due to current year depreciation of capital assets.

The decrease in net position – invested in capital assets, net of related debt was due to depreciation expense.

**Golden Lakes Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013**

**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 and is presented by category for comparison purposes.

<b>Change in Net Position</b>		
	<b>Governmental Activities</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
Program Revenues		
Charges for services	\$ 671,099	\$ 623,041
General Revenues		
Investment earnings	2,206	3,170
Miscellaneous income	5,933	1,670
Total Revenues	<u>679,238</u>	<u>627,881</u>
Expenses		
General government	104,467	106,788
Physical environment	826,268	744,780
Interest on long-term debt	-	684
Total Expenses	<u>930,735</u>	<u>852,252</u>
Change in Net Position	(251,497)	(224,371)
Net Position - Beginning of Year	<u>5,589,562</u>	<u>5,813,933</u>
Net Position - End of Year	<u><u>\$5,338,065</u></u>	<u><u>\$5,589,562</u></u>

The increase in charges for services was primarily due to additional lots added to the assessment roll in the current year.

The increase in physical environment expenses was primarily due to an increase in repairs and maintenance in the current year.

The decrease in net position was primarily due to depreciation expense in the current year.



**Golden Lakes Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013**

**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, 2013 and 2012.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 2,050,912	\$ 2,050,912
Infrastructure	10,152,820	10,152,820
Equipment	20,227	20,227
Accumulated depreciation	<u>(7,518,697)</u>	<u>(7,131,820)</u>
Total Capital Assets (Net)	<u>\$ 4,705,262</u>	<u>\$ 5,092,139</u>

The only capital asset activity was depreciation expense of \$386,877 for the current year.

**General Fund Budgetary Highlights**

The actual general fund expenditures were lower than budgeted amounts due primarily to anticipated capital improvements and use of reserve funds which were not required.

There were no amendments to the September 30, 2013 budget.

**Economic Factors and Next Year's Budget**

Golden Lakes Community Development District does not expect any economic factors to have a significant effect on the financial position or the results of operations of the District in fiscal year 2014.

**Request for Information**

The financial report is designed to provide a general overview of Golden Lakes 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 Golden Lakes Community Development District, Severn Trent Management Services, 210 N. University Drive, Suite 702, Coral Springs, FL 33071.

**Golden Lakes  
Community Development District  
STATEMENT OF NET POSITION  
September 30, 2013**

	Governmental Activities
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 533,868
Investments	97,178
Accounts receivable	1,860
Accrued interest receivable	233
Prepaid expenses	5,915
Deposits	7,955
Due from other governments	2,996
<b>Total Current Assets</b>	<b>650,005</b>
<b>Non-Current Assets</b>	
Capital assets, not being depreciated	
Land and improvements	2,050,912
Capital assets, being depreciated	
Infrastructure	10,152,820
Equipment	20,227
Less: accumulated depreciation	(7,518,697)
<b>Total Non-Current Assets</b>	<b>4,705,262</b>
<b>Total Assets</b>	<b>5,355,267</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable and accrued expenses	17,202
<b>Net Position</b>	
Invested in capital assets, net of related debt	4,705,262
Unrestricted	632,803
<b>Total Net Position</b>	<b>\$ 5,338,065</b>

*See accompanying notes to financial statements.*

**Golden Lakes  
Community Development District  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Position Governmental Activities</u>
Governmental Activities			
General government	\$ 104,467	\$ 128,908	\$ 24,441
Physical environment	826,268	542,191	(284,077)
Total Governmental Activities	<u>\$ 930,735</u>	<u>\$ 671,099</u>	<u>(259,636)</u>
<b>General Revenues</b>			
Investment earnings			2,206
Miscellaneous			5,933
Total General Revenues			<u>8,139</u>
		Change in Net Position	(251,497)
		Net Position - September 30, 2012	<u>5,589,562</u>
		Net Position - September 30, 2013	<u>\$ 5,338,065</u>

*See accompanying notes to financial statements.*

**Golden Lakes  
Community Development District  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2013**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 533,868
Investments, at fair value	96,266
Accounts receivable	1,860
Accrued interest receivable	233
Due from other governments	2,996
Prepaid expenses	5,915
Deposits	7,955
Restricted assets:	
Investments, at fair value	912
Total Assets	<u>\$ 650,005</u>
 <b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable and accrued liabilities	<u>\$ 17,202</u>
 <b>Fund Balances</b>	
Non-spendable:	
Prepaid expenses	5,915
Deposits	7,955
Restricted investments	912
Assigned:	
Operating	146,521
Roadways	114,000
Drainage	50,000
Sidewalks	25,000
Streetlights	25,000
Roof	20,025
Renewal and replacement	35,280
Unassigned	202,195
Total Fund Balances	<u>632,803</u>
Total Liabilities and Fund Balances	<u>\$ 650,005</u>

*See accompanying notes to financial statements.*

**Golden Lakes**  
**Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2013**

Total Governmental Fund Balances	\$ 632,803
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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 financial resources and; therefore, are not reported in the funds.	2,050,912
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Capital assets being depreciated, infrastructure (\$10,152,820), and equipment (\$20,227) net of accumulated depreciation (\$7,518,697) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	<u>2,654,350</u>
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Net Position of Governmental Activities	<u><u>\$ 5,338,065</u></u>
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*See accompanying notes to financial statements.*

**Golden Lakes**  
**Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2013**

	<u>General Fund</u>
Revenues	
Special assessments	\$ 671,099
Investment earnings	2,206
Miscellaneous	5,933
Total Revenues	<u>679,238</u>
 Expenditures	
Current	
General government	104,467
Physical environment	439,391
Total Expenditures	<u>543,858</u>
 Net change in fund balances	 135,380
 Fund Balances - September 30, 2012	 <u>497,423</u>
 Fund Balances - September 30, 2013	 <u><u>\$ 632,803</u></u>

*See accompanying notes to financial statements.*

**Golden Lakes  
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, 2013**

Net Change in Fund Balances - Total Governmental Funds	\$ 135,380
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in the current year.	<u>(386,877)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (251,497)</u></u>

*See accompanying notes to financial statements.*

**Golden Lakes**  
**Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 663,223	\$ 663,223	\$ 671,099	\$ 7,876
Interest	2,000	2,000	2,206	206
Miscellaneous revenues	-	-	5,933	5,933
Total Revenues	<u>665,223</u>	<u>665,223</u>	<u>679,238</u>	<u>14,015</u>
Expenditures				
Current				
General government	113,562	113,562	104,467	9,095
Physical environment	531,310	531,310	439,391	91,919
Capital outlay	<u>20,351</u>	<u>20,351</u>	-	<u>20,351</u>
Total Expenditures	<u>665,223</u>	<u>665,223</u>	<u>543,858</u>	<u>121,365</u>
Net change in fund balances	-	-	135,380	135,380
Fund Balances - September 30, 2012	<u>415,214</u>	<u>415,214</u>	<u>497,423</u>	<u>82,209</u>
Fund Balances - September 30, 2013	<u>\$ 415,214</u>	<u>\$ 415,214</u>	<u>\$ 632,803</u>	<u>\$ 217,589</u>

*See accompanying notes to financial statements.*



**Golden Lakes Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**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 created in 1992 by the Polk County Commissioners, pursuant to the City Ordinance 92-29 and Chapter 190, Florida Statutes. 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, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Golden Lakes Community Development District. The District is governed by a five-member Board of Supervisors who are elected for four year terms. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the Golden Lakes 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 which 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.

**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

**Golden Lakes Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**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 include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program

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 financial 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 display information about major funds individually.

**Golden Lakes Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**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 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.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. 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.

**Golden Lakes Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

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 year that resources are expended, rather than as fund assets. 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.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds, be reported in the governmental activities column in the government-wide Statement of Net Position.

**Golden Lakes Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**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.

**b. Restricted Assets**

Certain assets of the District and a corresponding liability or portion of net position 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 assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

**Golden Lakes Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**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 and improvements and construction in progress, are reported in governmental activities.

The District defines capital assets as assets with an initial, individual cost of \$1,000 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 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. Formal budgets are adopted for the general and debt service funds. The legal level of budgetary control is at the fund level. As a result, deficits in the budget variance columns of the accompanying financial statements may occur. All budgeted appropriations lapse at year end.

**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 (\$632,803) differs from “net position” of governmental activities (\$5,338,065) 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 below.

**Golden Lakes Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013**

**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 (improvements and infrastructure that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Land and improvements	\$ 2,050,912
Infrastructure	10,152,820
Equipment	20,227
Accumulated depreciation	<u>(7,518,697)</u>
Total (net)	<u>\$ 4,705,262</u>

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

The “net change in fund balances” for government funds (\$135,380) differs from the “change in net position” for governmental activities (\$(251,497)) 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.

**Depreciation Expense**

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 is 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 decrease by the amount of depreciation expense charged for the year.

Depreciation expense	<u>\$ (386,877)</u>
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**Golden Lakes Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**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. The District does, however, follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2013, the District's bank balance was \$542,390 and the carrying value was \$533,868. 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, 2013, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificate of Deposit State Board of Administration	10/3/2014	\$ 92,720
Florida Prime	N/A	3,546
Fund B	N/A	912
Total		<u>\$ 97,178</u>

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. Among other investments, the policy allows the District to invest in the State Board of Administration Local Government Surplus Trust Funds.

Cash placed with the State Board of Administration represents the District's participation in the Local Government Surplus Trust Funds Investment Pool and is reported at fair value. As a pool participant the District invests in pools of investments in which shares are owned in the pool rather than the underlying investments. These funds are divided into the Florida Prime and Fund B.

The District had investments reported at fair value of \$912 at September 30, 2013 in Fund B. Fund B is not rated by any nationally recognized rating agency. Fund B consists of assets transferred from the Florida Prime in December 2007 that represented securities that had defaulted or are in default, or have extended payout times or are subject to potentially elevated credit risk. These funds are not subject to withdrawal, but will be paid as they mature. Fair market value is determined and reported as disclosed by the State Board of Administration. The calculation of the net change in the fair value of investments is independent of the calculation of realized gains and losses.



**Golden Lakes Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE C - CASH AND INVESTMENTS (CONTINUED)**

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.

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. The Local Government Surplus Funds Trust is an authorized investment under Section 218.415, Florida Statutes. The District's investments in the state investment pool and government loans are limited by state statutory requirements and bond compliance. The District has monies invested with the Local Government Surplus Funds Trust Fund (Fund), at September 30, 2013. This fund met the requirements of a "2a-7 like pool" as defined in Government Accounting Standards Board, Statement 31.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investment in Local Government Surplus Funds Trust represents 5% of the District's investments. The investment in the certificate of deposit represents 95% of the District's investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2013 were typical. The Local Government Surplus Funds Trust is not rated.

**NOTE D – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2012-2013 fiscal year were levied in October 2012. All assessments are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Assessments paid in March are without discount.

All unpaid assessments become delinquent as of April 1. Virtually all unpaid assessments are collected via the sale of tax certificates on or prior to, June 1; therefore, there were no material taxes receivable at fiscal year end.

**Golden Lakes Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE E – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2013 was as follows:

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land and improvements	\$ 2,050,912	\$ -	\$ -	\$ 2,050,912
Capital assets, being depreciated				
Infrastructure - sewer, stormwater, distribution	7,936,455	-	-	7,936,455
Infrastructure - roadways, streetlights	1,366,031	-	-	1,366,031
Infrastructure - security and landscape	850,334	-	-	850,334
Equipment	20,227	-	-	20,227
Total Capital Assets, Being Depreciated	<u>10,173,047</u>	<u>-</u>	<u>-</u>	<u>10,173,047</u>
Less accumulated depreciation for:				
Infrastructure - sewer, stormwater, distribution	(5,381,720)	(318,795)	-	(5,700,515)
Infrastructure - roadways, streetlights	(903,309)	(65,455)	-	(968,764)
Infrastructure - security and landscape	(843,024)	(1,279)	-	(844,303)
Equipment	(3,767)	(1,348)	-	(5,115)
Total Accumulated Depreciation	<u>(7,131,820)</u>	<u>(386,877)</u>	<u>-</u>	<u>(7,518,697)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,041,227</u>	<u>(386,877)</u>	<u>-</u>	<u>2,654,350</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,092,139</u>	<u>\$ (386,877)</u>	<u>\$ -</u>	<u>\$ 4,705,262</u>

Depreciation expense of \$386,877 was charged to physical environment.

**NOTE F – 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.

**NOTE G – NET POSITION**

The District adopted Governmental Accounting Standards Board Statement (GASB) No. 63, which amends net asset reporting by establishing deferred outflows and deferred inflows of resources and renamed the residual measure net position. No changes to the financial statements were required as a result of GASB 63 except for renaming net assets to net position.



# 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  
Golden Lakes Community Development District  
Polk County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Golden Lakes Community Development District, as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Golden Lakes Community Development District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Golden Lakes Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Golden Lakes 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Supervisors  
Golden Lakes Community Development District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Golden Lakes 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*.

### **Purpose of this Report**

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

*Berger, Toombs, Elam,  
Gaines & Frank*

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

May 21, 2014



# 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  
Golden Lakes Community Development District  
Polk County, Florida

We have audited the financial statements of the Golden Lakes Community Development District, Florida as of and for the year ended September 30, 2013, and have issued our report thereon dated May 21, 2014.

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. 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*. Disclosures in that report which is dated May 21, 2014 should be considered in conjunction with this Management Letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local entity audits performed in the State of Florida.

The Rules of the Auditor General (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that Golden Lakes Community Development District complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: improvements in financial management and violations of contracts or grant agreements, fraud, illegal acts or abuse and deficiencies in internal control that are not significant deficiencies, other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

Fort Pierce / Stuart



To the Board of Supervisors  
Golden Lakes Community Development District

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.c and Section 10.556(7)), we applied financial conditions assessment procedures. It is Management's responsibility to monitor the entity'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.

Golden Lakes Community Development District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the District for the fiscal year ended September 30, 2013, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with our annual financial audit report for the fiscal year ended September 30, 2013.

Pursuant to Chapter 119, Florida Statutes, this Management Letter is a public record and its distribution is not limited. However, in accordance with auditing standards generally accepted in the United States of America, this Management Letter is intended solely for the information of Golden Lakes Community Development District and Management, and the State of Florida Office of the Auditor General, 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

May 21, 2014