

**GREATER LAKES/SAWGRASS BAY
COMMUNITY DEVELOPMENT DISTRICT**

FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2014

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
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SEPTEMBER 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Greater Lakes/Sawgrass Bay Community Development District
Lake County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Greater Lakes/Sawgrass Bay Community Development District, Lake County, Florida ("District") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Budget to Actual Comparison Statement on pages 3 through 6 and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Barzana & Associates PA

Barzana & Associates, P.A.

Tampa, Florida
June 19, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Greater Lakes/Sawgrass Bay Community Development District, Lake County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the District's Independent Auditors Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the fiscal year ended September 30, 2014 resulting in a net position balance of (\$1,407,790).
- The change in the District's total net position in comparison with the prior year was \$88,012, a decrease in the deficit. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2014, the District's governmental funds reported combined ending fund balances of \$775,945, an increase of \$59,901 in comparison with the prior year. Of the total fund balance, \$15,878 is nonspendable, \$413,103 is restricted for debt service and \$346,964 is unassigned reported in the general fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements include all governmental activities that are principally supported by special assessments. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance functions.

Fund Financial Statements

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

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

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

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

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, all of which are considered major funds.

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	NET POSITION SEPTEMBER 30,	
	2014	2013
Assets		
Assets, excluding capital assets	\$ 781,317	\$ 724,393
Capital assets, net	<u>1,960,897</u>	<u>2,034,695</u>
Total assets	<u>2,742,214</u>	<u>2,759,088</u>
Liabilities		
Liabilities, excluding long-term liabilities	183,414	183,682
Long-term liabilities	<u>3,966,590</u>	<u>4,071,208</u>
Total Liabilities	4,150,004	4,254,890
Net Position		
Net investment in capital assets	1,305,638	1,365,566
Restricted for debt service	36,350	34,507
Restricted for capital projects	-	-
Unrestricted	<u>(2,749,778)</u>	<u>(2,895,875)</u>
Total net position	<u>\$ (1,407,790)</u>	<u>\$ (1,495,802)</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position reflects its investment in capital assets (e.g., land, land improvements, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

The District's net position increased during the most recent fiscal year.

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

CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Program revenues	\$ 567,878	\$ 521,709
Operating grants and contributions	-	296
General revenues:		
Interest and other revenues	17,358	86
Special items		
Forgiveness of debt	-	9,192,765
Total revenues	<u>585,236</u>	<u>9,714,856</u>
Expenses:		
General government	69,594	63,700
Maintenance and operations	200,739	289,772
Interest	<u>226,891</u>	<u>10,347</u>
Total expenses	<u>497,224</u>	<u>363,819</u>
Increases (decreases) in net position	88,012	9,351,037
Net position, beginning, previously stated	(1,495,802)	(10,547,756)
Effect of adoption of GASB No. 65 (Note 2)	-	(299,083)
Net position, beginning, as restated	<u>(1,495,802)</u>	<u>(10,846,839)</u>
Net position, ending	<u>\$ (1,407,790)</u>	<u>\$ (1,495,802)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2014 was \$497,224. The costs of the District's activities were primarily funded by program revenues. Program revenues are comprised primarily of assessments.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2014.

The variance between budgeted and actual general fund revenues for the 2014 fiscal year is the result of higher than expected assessment collections due to less homeowners taking advantage of discounts. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2014, the District had \$2,157,692 invested in right-of-ways and other improvements. In the government-wide financial statements depreciation of \$196,795 has been taken, which resulted in a net book value of \$1,960,897. More detailed information about the District's capital assets is presented in the notes to financial statements.

Capital Debt

At September 30, 2014, the District had \$4,060,000 in Bonds outstanding. More detailed information about the District's capital debt is presented in the accompanying notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In the prior fiscal year, \$10,425,000 of the Series 2006A Bonds were extinguished.

During fiscal year 2012, the Series 2006A project was declared complete and \$1,029,438 of the funds in the Series 2006A Acquisition and Construction Account was used to redeem a portion of the Series 2006A Bonds and pay a portion of the accrued interest. In accordance with the Series 2006A Bond Indenture, the Capital Improvement Program, and the Series 2006 Project, all components thereof have been acquired or constructed and are capable of performing the functions for which they were intended.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Greater Lakes/Sawgrass Bay Community Development District's Finance Department at 3434 Colwell Avenue, Suite 200, Tampa Florida, 33614.

FINANCIAL STATEMENTS

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 335,387
Accounts receivable	16,949
Prepays and deposits	15,878
Restricted assets:	
Investments	413,103
Capital assets	
Non-depreciable assets	681,731
Depreciable assets, net	1,279,166
Total assets	2,742,214
Liabilities	
Accounts payable	5,372
Accrued interest payable	93,042
Non-current liabilities:	
Due within one year	85,000
Due in more than one year	3,966,590
Total liabilities	4,150,004
Net position	
Net investment in capital assets	1,305,638
Restricted for:	
Debt service	36,350
Unrestricted	(2,749,778)
Total net position	\$ (1,407,790)

See accompanying notes to financial statements.

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Functions / Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
General government	\$ (69,594)	\$ 259,394	\$ -	\$ -	\$ 189,800
Maintenance and operations	(200,739)	-	-	-	(200,739)
Interest	(226,891)	308,484	-	-	81,593
Total governmental activities	<u>\$ (497,224)</u>	<u>\$ 567,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>70,654</u>
General revenues:					
Interest and other revenues					<u>17,358</u>
Total general revenues					<u>17,358</u>
Change in net position					88,012
Net position - beginning					<u>(1,495,802)</u>
Net position - ending					<u>\$ (1,407,790)</u>

See accompanying notes to financial statements.

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>Major Funds</u>		Total Governmental Funds
	General	Debt Service	
Assets			
Cash and cash equivalents	\$ 335,387	\$ -	\$ 335,387
Investments	-	413,103	413,103
Accounts Receivable	16,949	-	16,949
Prepays and deposits	15,878	-	15,878
Total assets	<u>\$ 368,214</u>	<u>\$ 413,103</u>	<u>\$ 781,317</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 5,372	\$ -	\$ 5,372
Total liabilities	5,372	-	5,372
Fund balances			
Non-Spendable:			
Prepaid items	15,651	-	15,651
Deposits	227	-	227
Restricted for:			
Debt service	-	413,103	413,103
Unassigned	346,964	-	346,964
Total fund balances	<u>362,842</u>	<u>413,103</u>	<u>775,945</u>
Total liabilities and fund balances	<u>\$ 368,214</u>	<u>\$ 413,103</u>	<u>\$ 781,317</u>

See accompanying notes to financial statements.

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Total fund balances, governmental funds	\$ 775,945
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	1,960,897
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund financial statements.	<u>(4,144,632)</u>
Total net position - governmental activities	<u>\$ (1,407,790)</u>

See accompanying notes to financial statements.

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Major Funds</u>		Total Governmental Funds
	General	Debt Service	
Revenues			
Assessments	\$ 259,394	\$ 308,484	\$ 567,878
Interest and other revenues	<u>17,358</u>	<u>-</u>	<u>17,358</u>
Total revenues	<u>276,752</u>	<u>308,484</u>	<u>585,236</u>
Expenditures			
Current:			
General government	69,594	-	69,594
Maintenance and operations	126,941	-	126,941
Debt service:			
Principal	-	100,000	100,000
Interest	<u>-</u>	<u>228,800</u>	<u>228,800</u>
Total expenditures	<u>196,535</u>	<u>328,800</u>	<u>525,335</u>
Net change in fund balances	80,217	(20,316)	59,901
Fund balances, beginning of year	<u>282,625</u>	<u>433,419</u>	<u>716,044</u>
Fund balances, end of year	<u>\$ 362,842</u>	<u>\$ 413,103</u>	<u>\$ 775,945</u>

See accompanying notes to financial statements.

**GREATER LAKES/SAWGRASS BAY 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, 2014**

Net change in fund balances - governmental funds	\$	59,901
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the statement of activities.		(73,798)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the difference are as follows:		
Amortization of discount		(382)
Reduction of long-term liabilities are reported as expenditures in governmental funds, while reductions reduce long-term liabilities in the statement of net position.		
Repayment of bonds payable		100,000
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.		<u>2,291</u>
Change in net position of governmental activities	\$	<u><u>88,012</u></u>

See accompanying notes to financial statements.

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 — NATURE OF ORGANIZATION AND REPORTING ENTITY

Greater Lakes/Sawgrass Bay Community Development District ("District") was established on July 19, 2005 by Ordinance No. 2005-54 of Lake County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides, among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected on an at-large basis by landowners of the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for, among other things:

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

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 14, and Statement 61, an amendment of GASB Statement 14. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

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

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

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Assessments

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefitted by the District's activities. Operation and maintenance assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special assessments are imposed upon all benefitted lands in the District. Debt service special assessments are imposed upon certain lots and lands described in each resolution imposing the special assessment for each series of Bonds issued by the District.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund

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

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

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

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

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity

Restricted Assets

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

Deposits and Investments

The District's cash on hand and demand deposits are considered to be cash and cash equivalents.

The District has adopted a written investment policy, which complies with the requirements of Section 218.415 Florida Statutes. All investments comply with the requirements of the written investment policy. The District may invest any surplus public funds in the following:

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

In addition, surplus funds may be deposited into certificates of deposit which are insured. Any unspent Bond proceeds are required to be held in investments allowed in as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

Inventories and Prepaid Items

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

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

Capital Assets

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

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

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements. There was depreciation taken in the current year. During the prior fiscal year the District's infrastructure and other capital assets were declared complete.

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the Bonds using the straight line method, which does not result in a material difference from the effective interest method. Bond issuance costs are expensed as incurred. Bonds payable are reported net of applicable premiums or discounts.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change. Under GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are required to be reported according to the following classifications:

Non-spendable fund balance — Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted fund balance — Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)

Assigned fund balance — Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed.

Unassigned fund balance — Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

Net Position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment, net of any related debt. Restricted net assets represent the assets restricted by the District's Bond covenants or other contractual restrictions.

Other Disclosures

Use of Estimates

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

NOTE 3 — BUDGETARY INFORMATION

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

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

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

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 — DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The District's investments were held as follows at September 30, 2014:

	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Weighted Average Maturities</u>
First American Treasury Obligations Fund	\$ 413,103	S&P AAAm	38 days

Custodial risk — For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The money market mutual funds are not evidenced by securities that exist in physical or book entry form.

Credit risk — For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk — The District places no limit on the amount the District may invest in any one issuer.

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

The Bond Indenture limits the type of investments held using unspent Bond proceeds.

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5 — CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Intangible asset - right-of-ways	\$ 681,731	\$ -	\$ -	\$ 681,731
Total capital assets, not being depreciated	681,731	-	-	681,731
Capital assets, being depreciated				
Landscape and irrigation	1,475,961	-	-	1,475,961
Total capital assets, being depreciated	1,475,961	-	-	1,475,961
Less accumulated depreciation for:				
Landscape and irrigation	122,997	73,798	-	196,795
Total accumulated depreciation	122,997	73,798	-	196,795
Total capital assets, being depreciated, net	1,352,964	(73,798)	-	1,279,166
Governmental activities capital assets, net	\$ 2,034,695	\$ (73,798)	\$ -	\$ 1,960,897

The infrastructure intended to serve the District had been estimated at a total cost of approximately \$12,650,000. The infrastructure includes storm drainage, roadway/paving/curbs and common area development. In a prior year, assets were conveyed to Lake County for ownership and maintenance. During fiscal year 2012 the project was declared complete.

Depreciation is included in maintenance and operations on the Statement of Activities.

NOTE 6 — LONG-TERM LIABILITIES

On August 1, 2006, the District issued \$15,995,000 of Special Assessment Bonds, Series 2006A due on May 1, 2038 with a fixed interest rate of 5.50%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2009 through May 1, 2038.

The Series 2006A Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to 1) levy special assessments in annual amounts adequate to provide payment of debt service and 2) to meet the reserve requirements. The District was in compliance with certain requirements of the Bond Indenture at September 30, 2014, as noted below.

In a prior fiscal year, \$10,425,000 of outstanding principal of the Series 2006A Bond tied to the foreclosed property sold in fiscal year 2012 was extinguished.

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6 — LONG-TERM LIABILITIES (Continued)

Changes in long-term liability activity for the fiscal year ended September 30, 2014 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable:					
Series 2006	\$ 4,160,000	\$ -	\$ 100,000	\$ 4,060,000	\$ 85,000
Less issuance discount	(8,792)	-	(382)	(8,410)	-
Total	<u>\$ 4,151,208</u>	<u>\$ -</u>	<u>\$ 99,618</u>	<u>\$ 4,051,590</u>	<u>\$ 85,000</u>

At September 30, 2014, the scheduled debt service requirements on the long-term debt were as follows:

Year Ending September 30,	Principal	Interest	Total Debt Service
2015	\$ 85,000	\$ 223,300	308,300
2016	90,000	218,625	308,625
2017	95,000	213,675	308,675
2018	100,000	208,450	308,450
2019	105,000	202,950	307,950
2020 - 2024	615,000	921,800	1,536,800
2025 - 2029	810,000	732,325	1,542,325
2030 - 2034	1,070,000	483,175	1,553,175
2035 - 2038	<u>1,090,000</u>	<u>154,000</u>	<u>1,244,000</u>
	<u>\$ 4,060,000</u>	<u>\$ 3,358,300</u>	<u>\$ 7,418,300</u>

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 — DEFICIT NET POSITION

The District has a government-wide net position of (\$1,407,790) as of September 30, 2014. The deficit is the result the excess of the amount of long-term debt outstanding over the amount of capital assets.

NOTE 8— RELATED PARTY TRANSACTIONS

The Developers own a significant portion of land within the District; therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Developers.

During a prior fiscal year, the District foreclosed and took title to the lands bearing delinquent assessments, and on June 7, 2011, the District entered into a Purchase and Sale Agreement ("Agreement") with 1530 San Rafael, LLC ("Purchaser") in the gross amount of \$4.1 million. The land was recorded by the District net of all closing costs and property taxes. Per the Agreement, all prior liens related to the delinquent Series 2006A and Operation and Maintenance Assessments have been fully extinguished as the land was previously received by the District in lieu of assessments. Additionally, to finance a portion of the District's outstanding accounts payable, \$150,000 of the agreed upon purchase price was advanced by the Purchaser to the District during a prior fiscal year. This amount was deferred in the District's financial statements.

NOTE 9 — CONCENTRATION

The District's activity is dependent upon the continued involvement of the major landowner.

NOTE 10 — MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

NOTE 11 — RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. The District has not filed any claims under this commercial coverage during the past three years.

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
BUDGET TO ACTUAL COMPARISON STATEMENT – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over / (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Assessments	\$ 258,600	\$ 258,600	\$ 259,394	\$ 794
Interest and other revenues	-	-	17,358	17,358
Total revenues	<u>258,600</u>	<u>258,600</u>	<u>276,752</u>	<u>18,152</u>
Expenditures				
General government	67,898	67,898	69,594	1,696
Maintenance and operations	190,702	190,702	126,941	(63,761)
Total expenditures	<u>258,600</u>	<u>258,600</u>	<u>196,535</u>	<u>(62,065)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>80,217</u>	<u>80,217</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>282,625</u>	<u>282,625</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,842</u>	<u>\$ 362,842</u>

**GREATER LAKES/SAWGRASS BAY COMMUNITY DEVELOPMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014**

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

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2014.

The variance between budgeted and actual general fund revenues for the 2014 fiscal year is the result of higher than expected assessment collections due to less homeowners taking advantage of discounts. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.



**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
Greater Lakes/Sawgrass Bay Community Development District
Lake County, Florida

We have audited the financial statements of the governmental activities and each major fund of Greater Lakes/Sawgrass Bay Community Development District, Lake County, Florida ("District") as of and for the fiscal year ended September 30, 2014, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 19, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

This report is intended for the information and use of the management, Board of Supervisors of Greater Lakes/Sawgrass Bay Community Development District, Lake County, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Barzana & Associates PA

Barzana & Associates, P.A.

Tampa, Florida
June 19, 2015



MANAGEMENT LETTER

To the Board of Supervisors
Greater Lakes/Sawgrass Bay Community Development District
Lake County, Florida

Report on the Financial Statements

We have audited the financial statements of the *Greater Lakes/Sawgrass Bay Community Development District* (the "District") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 19, 2015.

Auditor's Responsibility

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

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 19, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2013.

Official Title and Legal Authority

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not Greater Lakes/Sawgrass Bay Community Development District has met one or more of the conditions described in Section 218.503 (1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Greater Lakes/Sawgrass Bay Community Development District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Greater Lakes/Sawgrass Bay Community Development District for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Barzana & Associates PA

Barzana & Associates, P.A.

Tampa, Florida
June 19, 2015



INDEPENDENT ACCOUNTANTS' REPORT

Board of Supervisors
Greater Lakes/Sawgrass Bay Community Development District
Lake County, Florida

We have examined the Greater Lakes/Sawgrass Bay Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September, 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Barzana & Associates PA

Barzana & Associates, P.A.

Tampa, Florida

June 19, 2015