

**MIROMAR LAKES
COMMUNITY DEVELOPMENT DISTRICT**

BASIC FINANCIAL REPORT

Year Ended September 30, 2013

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

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Year Ended September 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Miromar Lakes Community Development District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the *Miromar Lakes Community Development District* (the "District"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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 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 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 principles 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.

MCDIRMIT DAVIS & COMPANY, LLC
934 NORTH MAGNOLIA AVENUE, SUITE 100 • ORLANDO, FLORIDA 32803
TELEPHONE 407-843-5406 • FAX 407-649-9339 • EMAIL: info@mcdirmitdavis.com

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, 2013, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund 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 starting on page 3, 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 March 27, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McDiarmid Davis & Company, LLC

Orlando, Florida
March 27, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Our discussion and analysis of the *Miromar Lakes Community Development District's* (the "District") financial performance provides an overview of the District's financial activities for the fiscal years ended September 30, 2013 and 2012. Please read it in conjunction with the District's financial statements which immediately follow this discussion.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2013:

- The District's total assets and deferred outflows of resources exceeded its liabilities at September 30, 2013 by \$5,623,996, an increase of \$276,127 in comparison with the prior year. This increase is attributable to special assessments and interest revenue in the debt service fund in excess of debt service expenses. Net position was also decreased by \$724,731 due to implementation of new GASB 65.
- At September 30, 2013, the District's governmental funds reported a combined fund balance of \$4,328,169, an increase of \$242,555 in comparison with the prior year.

Using the Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 7-8 provide information about the activities of the district as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 9. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

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

These two statements report the District's net position and changes in net position. You can think of the District's net position - the difference between assets and liabilities - as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District. The government-wide financial statements can be found on pages 7-8 of this report.

Reporting the District's most significant funds - Our analysis of the District's major funds begins on page 5. The fund financial statements begin on page 9 and provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Using the Annual Report (Continued)

All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation with the fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of September 30, 2013 and 2012:

Miromar Lakes Community Development District
Statement of Net Position

	September 30, 2013	September 30, 2012
Assets, excluding capital assets	\$ 4,381,086	\$ 4,854,341
Capital assets, net of depreciation	38,380,916	39,045,950
Total assets	42,762,002	43,900,291
Deferred amount on refunding	251,975	-
Liabilities, excluding long-term liabilities	1,000,224	1,626,110
Long-term liabilities	36,389,757	36,201,581
Total liabilities	37,389,981	37,827,691
Net position		
Net investment in capital assets	2,243,134	17,348,068
Restricted for debt service	2,895,730	276,979
Unrestricted	485,132	(11,552,447)
Total net position	\$ 5,623,996	\$ 6,072,600

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-Wide Financial Analysis (Continued)

Governmental activities for the year ended September 30, 2013 increased the District's net position by \$276,127, as reflected in the table below. The higher program revenues in fiscal year 2012 is due to the Series 2000 Bond redemption.

	<u>Changes in Net Position</u> <u>Year ended September 30,</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues	\$ 4,042,081	\$ 18,691,212
General revenues	419	480
Total revenues	<u>4,042,500</u>	<u>18,691,692</u>
Expenses:		
General government	157,176	130,539
Maintenance and operations	1,275,834	1,248,349
Interest on long-term debt	2,333,363	3,410,732
Total expenses	<u>3,766,373</u>	<u>4,789,620</u>
Change in net position	276,127	13,902,072
Net position - beginning, as previously stated	6,072,600	(7,829,472)
Restatement of net position (GASB 65)	(724,731)	-
Net position - beginning, as restated	<u>5,347,869</u>	<u>(7,829,472)</u>
Net position - ending	<u>\$ 5,623,996</u>	<u>\$ 6,072,600</u>

The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 9) reported a combined fund balance of \$4,328,169, which is an increase from last year's balance that totaled \$4,085,614. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2013, the District incurred approximately \$2,121,969 of interest expenditures and repaid \$910,000 of outstanding long-term principal.

The overall change in fund balance for the year ended September 30, 2013, was an increase of \$242,555. The fund balance of the Debt Service Fund increased by \$278,668 in the current year because assessments and interest exceeded debt service payments. The fund balance of the General Fund did not change significantly from the prior year. At September 30, 2013, the District's governmental funds reported a combined fund balance of \$4,328,169. Of this total, \$3,843,047 is restricted, \$26,350 is assigned and the remainder is an unassigned fund balance of \$458,772.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Governmental Funds Budgetary Highlights

An Operating budget was established by the government board for the District pursuant to the requirements of the Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown on page 12. The District experienced a unfavorable variance in expenditures as compared to the budget in the amount of \$5,691. The difference in expenditures occurred primarily due to a landscaping invoice accrual.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2013, the District had approximately \$38.4 million invested in capital assets. This amount represents a net decrease of \$665,034 for current year depreciation.

September 30,	2013	2012	Change
Capital assets not being depreciated	\$ 30,196,507	\$ 30,196,507	\$ -
Capital assets being depreciated	13,918,906	13,918,906	-
Total, prior to depreciation	44,115,413	44,115,413	-
Accumulated depreciation	(5,734,497)	(5,069,463)	(665,034)
Net capital assets	\$ 38,380,916	\$ 39,045,950	\$ (665,034)

More information about the District's capital assets is presented in Note 5 to the financial statements.

Debt

At September 30, 2013, the District had \$36.53 million in bonds outstanding. This amount represents a net decrease of \$910,000 from the prior fiscal year.

September 30,	2013	2012	Change
Series 2003A	\$ 24,635,000	\$ 25,095,000	\$ (460,000)
Series 2012	11,895,000	12,345,000	(450,000)
	36,530,000	37,440,000	(910,000)

Additional information on the District's long-term debt is presented in Note 6 to the financial statements.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the *Miromar Lakes Community Development District's* management company, JPWard and Associates, LLC, at 2041 NE 6th Avenue, Wilton Manors, Florida 33305, 954-658-4900, ward9490@comcast.net.

FINANCIAL STATEMENTS

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

September 30, 2013

	Governmental Activities
Assets:	
Cash	\$ 369,620
Investments	168,419
Interest receivable	36,919
Restricted assets:	
Temporarily restricted investments	3,806,128
Capital assets not being depreciated	30,196,507
Capital assets being depreciated, net	8,184,409
Total assets	42,762,002
 Deferred Outflows of Resources:	
Deferred amount on refunding	251,975
 Liabilities:	
Accounts payable and accrued expenses	52,917
Accrued interest payable	947,307
Noncurrent liabilities:	
Due within one year	880,000
Due in more than one year	35,509,757
Total liabilities	37,389,981
 Net Position:	
Net investment in capital assets	2,243,134
Restricted for debt service	2,895,730
Unrestricted	485,132
Total net position	\$ 5,623,996

The accompanying Notes to Financial Statements are an integral part of this statement.

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
				Governmental Activities	
Governmental activities:					
General government	\$ 157,176	\$ 80,671	\$ -	\$ -	\$ (76,505)
Maintenance and operations	1,275,834	654,822	-	-	(621,012)
Interest on long-term debt	2,333,363	3,166,395	140,192	1	973,225
Total governmental activities	<u>\$ 3,766,373</u>	<u>\$ 3,901,888</u>	<u>\$ 140,192</u>	<u>\$ 1</u>	275,708
		General Revenues:			
		Investment income			419
		Change in net position			276,127
		Net position - beginning, as previously stated			6,072,600
		Restatement of net position due to implementation of GASB 65			(724,731)
		Net position - beginning, as restated			5,347,869
		Net position - ending			<u>\$ 5,623,996</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2013

	General	Debt Service	Total Governmental Funds
Assets:			
Cash	\$ 369,620	\$ -	\$ 369,620
Investments	168,419	3,806,128	3,974,547
Interest receivable	-	36,919	36,919
Total assets	\$ 538,039	\$ 3,843,047	\$ 4,381,086
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued expenses	\$ 52,917	\$ -	\$ 52,917
Total liabilities	52,917	-	52,917
Fund Balances:			
Restricted for:			
Debt service	-	3,843,047	3,843,047
Assigned for subsequent year's expenditures	26,350	-	26,350
Unassigned	458,772	-	458,772
Total fund balances	485,122	3,843,047	4,328,169
Total liabilities and fund balances	\$ 538,039	\$ 3,843,047	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 38,380,916

Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

	Accrued interest payable	(947,307)	
	Bonds payable	(36,137,782)	(37,085,089)
Net Position of Governmental Activities			\$ 5,623,996

The accompanying Notes to Financial Statements are an integral part of this statement.

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended September 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Special assessments	\$ 735,493	\$ 3,166,395	\$ -	\$ 3,901,888
Investment income	419	140,192	1	140,612
Total revenues	<u>735,912</u>	<u>3,306,587</u>	<u>1</u>	<u>4,042,500</u>
Expenditures:				
Current:				
General government	130,278	-	26,898	157,176
Maintenance and operations	610,800	-	-	610,800
Debt service:				
Interest	-	2,121,969	-	2,121,969
Principal	-	910,000	-	910,000
Total expenditures	<u>741,078</u>	<u>3,031,969</u>	<u>26,898</u>	<u>3,799,945</u>
Excess (Deficit) of Revenues Over				
Expenditures	(5,166)	274,618	(26,897)	242,555
Other Financing Sources (Uses):				
Transfers in	-	4,050	-	4,050
Transfers out	-	-	(4,050)	(4,050)
Total other financing sources (uses)	<u>-</u>	<u>4,050</u>	<u>(4,050)</u>	<u>-</u>
Net change in fund balances	(5,166)	278,668	(30,947)	242,555
Fund Balances - Beginning of Year	<u>490,288</u>	<u>3,564,379</u>	<u>30,947</u>	<u>4,085,614</u>
Fund Balances - End of Year	<u>\$ 485,122</u>	<u>\$ 3,843,047</u>	<u>\$ -</u>	<u>\$ 4,328,169</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Year Ended September 30, 2013

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds (page 10)	\$	242,555
Depreciation on capital assets is not recognized in the governmental fund statement, however, depreciation is reported as an expense in the statement of net position.		(665,034)
Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.		910,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest		(190,193)
Amortization of deferred refunding amount		(13,620)
Amortization of bond discount		(7,581)
		(211,394)
Change in net position of governmental activities (page 8)	\$	276,127

The accompanying Notes to Financial Statements are an integral part of this statement.

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Special assessments	\$ 750,626	\$ 750,626	\$ 735,493	\$ (15,133)
Investment income	500	500	419	(81)
Total revenues	<u>751,126</u>	<u>751,126</u>	<u>735,912</u>	<u>(15,214)</u>
Expenditures:				
Current:				
General government	129,387	131,812	130,278	1,534
Maintenance and operations	<u>621,739</u>	<u>619,314</u>	<u>610,800</u>	<u>8,514</u>
Total expenditures	<u>751,126</u>	<u>751,126</u>	<u>741,078</u>	<u>10,048</u>
Net change in fund balance	-	-	(5,166)	(5,166)
Fund balance - beginning	<u>490,288</u>	<u>490,288</u>	<u>490,288</u>	-
Fund balance - ending	<u>\$ 490,288</u>	<u>\$ 490,288</u>	<u>\$ 485,122</u>	<u>\$ (5,166)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2013

Note 1 - Nature of Organization

The Miromar Lakes Community Development District (the "District") was established on September 19, 2000, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190 of the Florida Statutes by Lee County Ordinance 00-17. The Act provides, among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by a Board of Supervisors (the "Board"), which is composed of five members. The Supervisors are elected by qualified electors of Lee County whose primary residence is within the District. The District is economically dependent on the Developer. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has a final responsibility for:

- Assessing and levying special assessments
- Approving budgets
- Exercising control over facilities and property
- Controlling the use of funds generated by the District
- Approving the hiring and firing of key personnel
- Financing improvements

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP). The primary criteria for including organizations within the District's reporting entity, as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, is financial accountability. The District is financially accountable if it appoints a voting majority of the organization's governing body and (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or a jointly appointed board. Based on the foregoing criteria, no potential component units were found.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 2 - Summary of Significant Accounting Policies:

The accounting policies of the District conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments in accordance with those promulgated by the Governmental Accounting Standards Board (GASB). The District's more significant accounting policies are described below:

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 the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2013, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

The preparation of government-wide financial statements includes the application of both GASB pronouncements and those of the Financial Accounting Standards Board (FASB) issued before November 30, 1989.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 2 - Summary of Significant Accounting Policies (Continued):

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. 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 benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

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

The District reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

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.

For the year ended September 30, 2013, the District does not report any proprietary funds.

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

Cash, Deposits and Investments

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

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

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 2 - Summary of Significant Accounting Policies (Continued):

Cash, Deposits and Investments (Continued):

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions. The District's Bond Indenture also allows investments in obligations of the Government National Mortgage Association, obligations of Federal National Mortgage Association and commercial paper rated in the top two rating categories by both Moody's and S&P.

Capital assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	10 - 30
Improvements other than buildings	10

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 2 - Summary of Significant Accounting Policies (Continued):

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. Bonds payable are reported net of premiums or discounts. Bond issuance costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item, deferred amount on refunding, that qualifies for reporting in this category for the year ended September 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category for the year ended September 30, 2013.

Net Position Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted- net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted-net position is applied.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 2 - Summary of Significant Accounting Policies (Continued):

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above and additional action is essential to either remove or revise a commitment.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 2 - Summary of Significant Accounting Policies (Continued):

New GASB Statements Implemented

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*- This statement classifies all sources of generally accepted accounting principles for state and local governments so that the authoritative accounting and financial reporting literature will be together in a single source, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. The District elected to include all pre-November 30, 1989 FASB pronouncements which are now codified in GASB 62.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*- This statement provides guidance for deferred outflows of resources and deferred inflows of resources. It further identifies net position as the residual of all elements presented in a statement of financial position. This Statement redefines certain assets and liabilities as “deferred outflows of resources” or “deferred inflows of resources.” It further requires the “Capital asset, net of debt” now be titled “Net investment in capital assets” and that the last line of the statements, previously called “Net assets” now be titled “Net position.”

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*- This statement provides additional guidance for the items listed in GASB 63 and includes additional changes in accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement requires that debt issuance costs be expensed in the period the debt was issued. This Statement also requires that taxes and lease revenues received prior to the period to which they relate to be classified as Unavailable Revenue (a deferred inflow). The implementation of GASB 65 is the reduction of beginning net position by \$724,731 of the governmental activities. The effect on fiscal year 2012 had the implementation of GASB 65 occurred earlier would have resulted in a decrease in expenses of the governmental activities of \$51,674.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 2 - Summary of Significant Accounting Policies (Continued):

Budgets

A. Budgetary Information

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with generally accepted accounting principles for the general fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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

- Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- A public hearing is conducted to obtain comments.
- Prior to October 1, the budget is legally adopted by the District Board.
- Certain budget changes must be approved by the District Board.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Note 3 - Investments:

All investments held at September 30, 2013, are reported at fair value, which approximates amortized cost. Values for the District's investments are based on quoted market prices or amounts determined by the issuer.

The following is a summary of the District's investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
FHLMC Medium Term Notes	\$ 2,371,618	AA+	11/17/2017
Money Market Funds	1,079,310	AAAm	NA
First American Government Obligation Fund Y	523,619	AAAm	51 days
	<u>\$ 3,974,547</u>		

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 3 - Investments (Continued):

Custodial credit risk - For an investment, custodial credit risk is the risk that 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. At September 30, 2013, all investments, except for investments in money market funds, were held in custodial accounts in the District's name by an independent custodial bank.

Concentration risk- The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to see reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

Credit risk- Florida Statutes require investments held by the District to have the highest credit quality rating from a nationally recognized rating agency. The District complies with the requirements of the Florida Statutes.

Interest rate risk- Florida Statutes provide that the investment portfolio be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. The District complies with the requirements of the Florida Statutes.

Note 4 - Interfund Transfers:

The capital projects fund transferred amounts remaining in the cost of issuance trust account to the debt service fund as per the trust indenture.

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 5 - Capital Assets:

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

	Beginning Balance October 1, 2012	Additions	Disposals	Balance at September 30, 2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 30,196,507	\$ -	\$ -	\$ 30,196,507
Capital assets being depreciated:				
Infrastructure	11,841,145	-	-	11,841,145
Improvements other than buildings	2,077,761	-	-	2,077,761
Total capital assets being depreciated	13,918,906	-	-	13,918,906
Total capital assets	44,115,413	-	-	44,115,413
Less accumulated depreciation for:				
Infrastructure	(3,707,032)	(457,417)	-	(4,164,449)
Improvements other than buildings	(1,362,431)	(207,617)	-	(1,570,048)
Total accumulated depreciation	(5,069,463)	(665,034)	-	(5,734,497)
Total capital assets being depreciated, net	8,849,443	(665,034)	-	8,184,409
Governmental activities capital assets, net	<u>\$ 39,045,950</u>	<u>\$ (665,034)</u>	<u>\$ -</u>	<u>\$ 38,380,916</u>

Depreciation of \$665,034 was allocated to maintenance and operations in the Statement of Activities. The District is substantially completed.

Note 6 - Bonds Payable:

Capital Improvement Revenue Bonds, Series 2003A - The District previously issued \$27,560,000 in Capital Improvement Revenue Bonds, Series 2003A for the purpose of funding certain capital projects within the boundaries of the District. The bonds bear interest at 6.875% and mature in May 2035. Interest is payable semi-annually on the first day of each May and November. The bonds are secured by a pledge of revenues derived from the collection of non-ad valorem special assessments.

The bonds are subject to mandatory redemption at par on a schedule of annual redemptions through May 2035, the maturity date. The District is required to redeem the bonds at par prior to schedule from the proceeds of any assessments prepaid or if certain events occur as outlined in the Bond Indenture. The bonds are subject to redemption at the option of the District at a premium from May 2014 through April 2015 and at par on or after May 2015.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 6 - Bonds Payable (Continued):

Capital Improvement Revenue Bonds, Series 2003A (Continued)

For the current fiscal year, \$1,725,281 of interest and \$460,000 of principal was paid on these bonds. Total special assessment revenue was \$2,150,292 in the current year. Principal and interest remaining on these bonds at September 30, 2013 totals \$48,630,469.

Capital Improvement Revenue Refunding Bonds, Series 2012 - The District issued \$12,345,000 in Capital Improvement Revenue Refunding Bonds, Series 2012 for the purpose of repaying in full the Series 2000A Bonds. The bonds consist of two different terms, \$4,630,000 and \$7,715,000 which bear interest at 4.875% and 5.375%, and mature in May 2022 and May 2032, respectively. Interest is payable semi-annually on the first day of each May and November. The bonds are secured by a pledge of revenues derived from the collection of non-ad valorem special assessments.

The bonds are subject to mandatory redemption at par on a schedule of annual redemptions through May 2022 and May 2032, the maturity dates. The District is required to redeem the bonds at par prior to schedule from the proceeds of any assessments prepaid or if certain events occur as outlined in the Bond Indenture. The bonds maturing May 2032 are subject to redemption at the option of the District from May 2022 through April 2032 at par value.

In fiscal year 2012, the District advance refunded the Series 2000A Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt which was deferred and is being amortized over the life of the new debt.

For the current fiscal year, \$396,688 of interest and \$450,000 of principal was paid on these bonds. Total special assessment revenue was \$1,016,103 in the current year. Principal and interest remaining on these bonds at September 30, 2013 totals \$18,578,139.

The Bond Indentures have certain 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 agreed to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indentures.

The Bond Indentures require that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirements as defined in the Indentures. The requirements have been met for the fiscal year ended September 30, 2013.

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 6 - Bonds Payable (Continued):

The balance of the long-term bonds at September 30, 2013 is summarized as follows:

September 30	2013
Bond principal balance	\$ 36,530,000
Less unamortized bond discount	(140,243)
Net Balance	\$ 36,389,757

Long-term liability activity for the year ended September 30, 2013 was as follows:

	Beginning Balance, Restated October 1, 2012	Additions	Reductions	Amortization	Balance September 30, 2013	Due Within One Year
Special Assessment						
Revenue Bonds,						
Series 2003A	\$ 25,095,000	\$ -	\$ (460,000)	\$ -	\$ 24,635,000	\$ 495,000
Series 2012	12,345,000	-	(450,000)	-	11,895,000	385,000
Original issue discount	(147,824)	-	-	7,581	(140,243)	-
Total	\$ 37,292,176	\$ -	\$ (910,000)	\$ 7,581	\$ 36,389,757	\$ 880,000

Beginning balances have been restated for the elimination of deferred loss on refunding, which is now reported as a deferred outflow or resources under GASB 65.

At September 30, 2013, the scheduled debt service requirements on long-term debt were as follows:

Year Ending September 30,	Principal	Interest	Total
2014	\$ 880,000	\$ 2,273,538	\$ 3,153,538
2015	930,000	2,220,738	3,150,738
2016	990,000	2,164,800	3,154,800
2017	1,055,000	2,105,138	3,160,138
2018	1,115,000	2,041,506	3,156,506
2019 - 2023	6,735,000	9,103,375	15,838,375
2024 - 2028	9,185,000	6,775,363	15,960,363
2029 - 2033	11,580,000	3,570,650	15,150,650
2034 - 2035	4,060,000	423,500	4,483,500
	\$ 36,530,000	\$ 30,678,608	\$ 67,208,608

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 7 - Risk Management:

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

Note 8 - Management Company:

The District has contracted with JPWard and Associates, LLC 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 9 - Concentration:

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, Miromar Lakes, LLC, the loss of which could have a material adverse effect on the District's operations.

During the year ended September 30, 2013, the Developer was directly assessed approximately \$3 million for debt service and operations and maintenance assessments, representing 78% of total assessment revenue for the year.

COMPLIANCE SECTION

**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
Miromar Lakes Community Development District

We have audited, 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, the financial statements of the governmental activities, and each major fund of the *Miromar Lakes Community Development District* (the "District") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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 and contracts, 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*.

See management comments in a separate letter dated March 27, 2014.

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.

McDiernit Davis & Company, LLC

Orlando, Florida
March 27, 2014

MANAGEMENT COMMENTS

Board of Supervisors
Miromar Lakes Community Development District

We have audited the financial statements of the *Miromar Lakes Community Development District* (the "District"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 27, 2014.

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. We have issued our 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 March 27, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information which is not included in the aforementioned auditor's report.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the prior year.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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 the District complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., 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 had no recommendations.
- Section 10.554(1)(i)4., 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.

MCDIRMIT DAVIS & COMPANY, LLC
934 NORTH MAGNOLIA AVENUE, SUITE 100 • ORLANDO, FLORIDA 32803
TELEPHONE 407-843-5406 • FAX 407-649-9339 • EMAIL: INFO@MCDIRMITDAVIS.COM

- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the District 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.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District met none of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessments procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

McDiernit Davis & Company, LLC

Orlando, Florida
March 27, 2014