

**Brighton Lakes  
Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2007**

**Brighton Lakes Community Development District**

**ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2007**

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**Report of Independent Auditors**

To the Board of Supervisors  
Brighton Lakes Community Development District  
Osceola County, Florida

We have audited the accompanying basic financial statements of Brighton Lakes Community Development District as of and for the year ended September 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of Brighton Lakes Community Development District's management. Our responsibility is to express an opinion on these basic 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Brighton Lakes Community Development District as of September 30, 2007, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2008, on our consideration of Brighton Lakes Community Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

To the Board of Supervisors  
Brighton Lakes Community Development District  
Osceola County, Florida

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

February 29, 2008

**Brighton Lakes Community District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2007**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**Brighton Lakes Community District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2007**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

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

**Financial Highlights:**

The following are the highlights of financial activity for the year ended September 30, 2007.

- The District's total assets exceeded total liabilities by \$18,786,859 (net assets). Unrestricted net assets for Governmental Activities were \$179,513. Governmental activities restricted net assets were \$199,394.
- Governmental activities revenues totaled \$1,613,239 while governmental activities expenses and special items totaled \$1,605,651.

**Brighton Lakes Community District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2007**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

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

	<b>Net Assets</b>	
	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
Current assets	\$ 150,547	\$ 211,473
Restricted assets	539,532	975,087
Capital assets	23,990,961	24,069,870
Other non-current assets	275,174	193,297
Total Assets	24,956,214	25,449,727
Current liabilities	307,612	295,456
Non-current liabilities	5,861,743	6,375,000
Total Liabilities	6,169,355	6,670,456
assets,		
net of related debt	18,407,952	19,595,678
Net assets-restricted	199,394	28,373
Net assets-unrestricted	179,513	(844,780)
Total Net Assets	\$ 18,786,859	\$ 18,779,271

The decrease in capital assets is the result of depreciation.

The decrease in non current liabilities is related to the refunding of the 2000A Special Assessment bonds.

**Brighton Lakes Community District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2007**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

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

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
Program Revenues		
Charges for services	\$ 1,250,636	\$ 1,197,497
Capital grants and contributions	278,691	5,251,747
General Revenues		
Investments earnings	64,183	35,406
Other revenues	19,729	8,396
Total Revenues	<u>1,613,239</u>	<u>6,493,046</u>
Expenses		
General government	338,643	301,331
Physical environment	644,452	289,848
Transportation	156,167	43,223
Culture and recreation	46,310	-
Interest on long-term debt	420,079	462,793
Total Expenses	<u>1,605,651</u>	<u>1,097,195</u>
Change in Net Assets before special items	-	5,395,851
Assets conveyed to other governmental entities	<u>-</u>	<u>(2,842,735)</u>
Change in Net Assets	7,588	2,553,116
Net Assets - Beginning of Year	<u>18,779,271</u>	<u>16,226,155</u>
Net Assets - End of year	<u>\$ 18,786,859</u>	<u>\$ 18,779,271</u>

The decrease in Capital grants and contributions is due to a reduction in the contributions paid by the developer.

The increase in general government, physical environment, transportation, and culture and recreation expense is due to depreciation expense.

The decrease in interest on long-term debt is related to bond principal payments made on long-term debt during the year.

**Brighton Lakes Community District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2007**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2007 and 2006.

Description	Governmental Activities	
	2007	2006
Land and improvements	\$ 690,000	\$ 690,000
Construction in progress	14,159,449	13,877,315
Infrastructure	7,044,000	7,044,000
Improvements	2,422,855	2,422,855
Furniture, fixtures and equipment	51,000	51,000
Accumulated depreciation	(376,343)	(15,300)
Total Capital Assets (Net)	\$ 23,990,961	\$ 24,069,870

Depreciation of \$361,043 was charged during the year.

**General Fund Budgetary 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 fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget is in the aggregate. There was an overall favorable variance in the budget to actual for the fiscal year ended September 30, 2007. There were no budget amendments during the year.

**Brighton Lakes Community District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2007**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Debt Management**

Governmental Activities debt includes the following:

- In September 2000, the District issued \$14,120,000 Series 2000A Special Assessment Bonds. The bonds were issued to finance a portion of the cost of the acquisition and construction of certain improvements for the benefit of the District. This debt was defeased during the year by the issuance of the 2007 Special Assessment Bonds..
- In August 2004, the District issued \$3,325,000 Series 2004 Special Assessment Bonds. The bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. The balance outstanding at September 30, 2007 was \$3,230,000.
- In August 2007, the District issued \$3,165,000 Series 2007 Special Assessment Bonds Refunding Bonds. The bonds were issued to defeased the 2000A Special Assessment Bond. The balance outstanding at September 30, 2007 was \$3,165,000.

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

Brighton Lakes Community District does not expect any economic factors to have a significant effect on the financial position or results of operations of the District in fiscal year 2008.

**Request for Information**

The financial report is designed to provide a general overview of Brighton Lakes Community District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Brighton Lakes Community District, Severn Trent Management Services, Inc., 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

**Brighton Lakes Community Development District**  
**STATEMENT OF NET ASSETS**  
**September 30, 2007**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 121,171
Assessments receivable	17,908
Accounts receivable	6,687
Prepaid expenses	4,781
Total Current Assets	150,547
Non-current Assets	
Restricted assets investments	
Investments	535,136
Interest receivable	4,396
Bond issuance costs, net	275,174
Capital assets, not being depreciated	
Land and improvements	690,000
Construction in progress	14,159,449
Capital assets, being depreciated	
Infrastructure	7,044,000
Improvements	2,422,855
Furniture, fixtures and equipment	51,000
Less: accumulated depreciation	(376,343)
Total Non-current Assets	24,805,667
Total Assets	24,956,214
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	37,510
Accrued interest	155,102
Bonds payable	115,000
Total Current Liabilities	307,612
Non-current liabilities	
Bonds payable	5,861,743
Total Liabilities	6,169,355
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	18,407,952
Restricted for capital projects	24,729
Restricted for debt service	174,665
Unrestricted	179,513
Total Net Assets	\$ 18,786,859

See accompanying notes.

**Brighton Lakes Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets</u>
<b>Primary government</b>		<u>Charges for Services</u>	<u>Capital grants and contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General government	\$ (338,643)	\$ 682,489	\$ 278,691	\$ 622,537
Physical environment	(644,452)	-	-	(644,452)
Transportation	(156,167)	-	-	(156,167)
Recreational	(46,310)	-	-	(46,310)
Interest on long-term debt	(420,079)	568,147	-	148,068
Total Governmental Activities	<u><u>\$ (1,605,651)</u></u>	<u><u>\$ 1,250,636</u></u>	<u><u>\$ 278,691</u></u>	<u><u>(76,324)</u></u>
<b>General Revenues</b>				
				64,183
				19,729
				<u>83,912</u>
				Change in Net Assets before special items <u>7,588</u>
				Change in Net Assets <u>7,588</u>
				Net Assets - October 1, 2006 <u>18,779,271</u>
				<u><u>\$ 18,786,859</u></u>

See accompanying notes.

**Brighton Lakes Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2007**

	General	2000 Debt Service	2004 Debt Service	2007 Debt Service	2000 Capital Projects	2004 Capital Projects	Governmental Funds
<b>ASSETS</b>							
Cash	\$ 11,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,686
Investments	109,485	-	-	-	-	-	109,485
Assessments receivable	10,959	-	-	6,949	-	-	17,908
Accounts receivable	6,687	-	-	-	-	-	6,687
Prepaid expenses	4,781	-	-	-	-	-	4,781
Due from other funds	65,780	6,677	-	-	-	-	72,457
Restricted assets							
Investments, at fair value	-	1,982	372,463	77,335	-	83,356	535,136
Interest receivable	-	1,217	2,747	97	13	322	4,396
Total Assets	<u>\$ 209,378</u>	<u>\$ 9,876</u>	<u>\$ 375,210</u>	<u>\$ 84,381</u>	<u>\$ 13</u>	<u>\$ 83,678</u>	<u>\$ 762,536</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	\$ 28,262	\$ -	\$ -	\$ 9,248	\$ -	\$ -	\$ 37,510
Due to other funds	6,677	-	6,818	-	-	58,962	72,457
Total Liabilities	<u>34,939</u>	<u>-</u>	<u>6,818</u>	<u>9,248</u>	<u>-</u>	<u>58,962</u>	<u>109,967</u>
Fund Balances:							
Reserved for:							
Debt service	-	9,876	368,392	75,133	-	-	453,401
Capital projects	-	-	-	-	5,026	24,716	29,742
Unreserved, reported in:							
Designated for maintenance	71,044	-	-	-	-	-	71,044
Unreserved and undesignated	103,395	-	-	-	(5,013)	-	98,382
Total Fund Balances	<u>174,439</u>	<u>9,876</u>	<u>368,392</u>	<u>75,133</u>	<u>13</u>	<u>24,716</u>	<u>652,569</u>
Total Liabilities and Fund Balances	<u>\$ 209,378</u>	<u>\$ 9,876</u>	<u>\$ 375,210</u>	<u>\$ 84,381</u>	<u>\$ 13</u>	<u>\$ 83,678</u>	<u>\$ 762,536</u>

See accompanying notes.

**Brighton Lakes Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2007**

Total Governmental Fund Balances	\$	652,569
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets (land (\$690,000), construction in progress (\$14,159,449), infrastructure (\$7,044,000), improvements (\$2,422,855), and furniture, fixtures and equipment (\$51,000)) used in governmental activities are not financial resources and; therefore, are not reported in the funds. These amounts are reported net of accumulated depreciation (\$(376,343)).		23,990,961
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Intangible assets being amortized (bond issuance costs (\$284,021) net of accumulated amortization (\$(8,847))) used in governmental activities are not financial resources and; therefore, are not reported in the funds.		275,174
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Long-term liabilities, including bonds payable (\$6,395,000), and bond premium (\$36,745), less deferred amount on refunding (\$455,002) are not due and payable in the current period and; therefore, are not reported in the funds.		(5,976,743)
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Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.		(155,102)
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Net Assets of Governmental Activities		<u><u>\$ 18,786,859</u></u>
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See accompanying notes.

**Brighton Lakes Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2007**

	General	2000 Debt Service	2004 Debt Service	2007 Debt Service	2000 Capital Projects	2004 Capital Projects	Totals Governmental Funds
<b>Revenues</b>							
Special assessments	\$ 682,489	\$ 307,167	\$ 254,031	\$ 6,949	\$ -	\$ -	\$ 1,250,636
Developer contributions	-	-	-	-	-	278,691	278,691
Investment earnings	20,047	21,301	18,323	97	284	4,131	64,183
Miscellaneous revenues	18,552	-	-	-	-	1,177	19,729
Total Revenues	<u>721,088</u>	<u>328,468</u>	<u>272,354</u>	<u>7,046</u>	<u>284</u>	<u>283,999</u>	<u>1,613,239</u>
<b>Expenditures</b>							
<b>Current</b>							
General government	304,785	15,649	12,996	-	-	5,213	338,643
Physical environment	435,690	-	-	-	-	-	435,690
Transportation	50,196	-	-	-	-	-	50,196
Capital outlay	-	-	-	-	576	281,558	282,134
<b>Debt service</b>							
Principal	-	95,000	55,000	-	-	-	150,000
Interest	-	242,094	200,747	-	-	-	442,841
Other	-	-	-	176,838	-	-	176,838
Total Expenditures	<u>790,671</u>	<u>352,743</u>	<u>268,743</u>	<u>(176,838)</u>	<u>576</u>	<u>286,771</u>	<u>1,876,342</u>
Excess of revenues over/(under) expenditures	(69,583)	(24,275)	3,611	(169,792)	(292)	(2,772)	(263,103)
<b>Other financing sources (uses):</b>							
Transfers in	-	5,654	-	-	5,074	-	10,728
Transfers out	(5,074)	-	-	-	(5,654)	-	(10,728)
Issuance of long-term debt	-	-	-	3,165,000	-	-	3,165,000
Issuance of bond premium	-	-	-	36,745	-	-	36,745
Payment to refunded bond escrow agent	-	(490,065)	-	(2,956,820)	-	-	(3,446,885)
Total other financing sources (uses)	(5,074)	(484,411)	-	244,925	(580)	-	(245,140)
Excess of revenues and other sources over (under) expenditures and other uses	(74,657)	(508,686)	3,611	75,133	(872)	(2,772)	(508,243)
Fund Balances - October 1, 2006	<u>249,096</u>	<u>518,562</u>	<u>364,781</u>	<u>-</u>	<u>885</u>	<u>27,488</u>	<u>1,160,812</u>
Fund Balances - September 30, 2007	<u>\$ 174,439</u>	<u>\$ 9,876</u>	<u>\$ 368,392</u>	<u>\$ 75,133</u>	<u>\$ 13</u>	<u>\$ 24,716</u>	<u>\$ 652,569</u>

See accompanying notes.

**Brighton Lakes Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2007**

Net Change in Fund Balances -Total Governmental Funds \$ (508,243)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$(361,043)) exceeded capital outlay (\$282,134) in the current period. (78,909)

Governmental funds report bond issuance costs (\$176,838) as expenditures. However, in the Statement of Activities, the cost of those assets are allocated based on an effective interest rate as amortization expense (\$(6,844)). This is the amount that bond issuance costs exceeded amortization expense in the current period. 169,994

Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 150,000

Payment to the bond escrow agent are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 3,446,885

Debt proceeds (\$(3,165,000)) and Bond Premiums (\$(36,745)) are reported as other financing sources in the governmental funds, but debt proceeds increase long-term liabilities in the Statement of Net Assets (3,201,745)

In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest in the current period. 29,606

Change in Net Assets of Governmental Activites \$ 7,588

See accompanying notes.

**Brighton Lakes Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 682,236	\$ 682,236	\$ 682,489	\$ 253
Investment earnings	2,500	2,500	20,047	17,547
Miscellaneous revenue	-	-	18,552	18,552
Total Revenues	<u>684,736</u>	<u>684,736</u>	<u>721,088</u>	<u>36,352</u>
Expenditures				
Current				
General government	386,803	386,803	304,785	82,018
Physical environment	342,933	342,933	435,690	(92,757)
Transportation	55,000	55,000	50,196	4,804
Total Expenditures	<u>784,736</u>	<u>784,736</u>	<u>790,671</u>	<u>(5,935)</u>
Excess of revenues over/(under) expenditures	(100,000)	(100,000)	(69,583)	30,417
Fund Balances - October 1, 2006	<u>100,000</u>	<u>100,000</u>	<u>249,096</u>	<u>149,096</u>
Fund Balances - September 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,513</u>	<u>\$ 179,513</u>

See accompanying notes.

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Reporting Entity**

The District was created on April 3, 2000, by Ordinance 00-09 of Osceola County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Brighton Lakes Community District. The District is governed by a five-member Board of Supervisors who are elected for four year terms. The District operates within the criteria established by Chapter 190.

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

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 14, The Financial Reporting Entity, the District has identified no component units.

**2. Measurement Focus and Basis of Accounting**

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

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

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

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

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

**a. Government-wide Financial Statements**

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

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

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

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

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

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

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

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

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

**Governmental Funds**

When both restricted and unrestricted resources are combined in a fund, qualified expenses are considered to be paid first from restricted resources, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

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

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

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. In addition, the proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

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

**3. Basis of Presentation**

**a. Governmental Major Funds**

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

2000 Debt Service Fund - Accounts for debt service requirements to retire the special assessment bonds which were used to finance the acquisition and construction of certain District improvements. The bond series is secured by a pledge of all available special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District lien on all acreage of benefited land.

2004 Debt Service Fund - Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bond series is secured by a pledge of all available special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District lien on all acreage of benefited land.

2000 and 2004 Capital Projects Funds - The Capital Projects Funds account for construction of infrastructure improvements within the boundaries of the District.

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

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

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

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

**4. Assets, Liabilities, and Net Assets or Equity**

**a. Cash and Investments**

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

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

1. Negotiable direct or indirect obligations which are secured by the United States Government;
2. The Local Government Surplus Funds Trust as created by Section 218.415, Florida Statutes;
3. Interest-bearing time deposits or savings accounts in authorized financial institutions;
4. Obligations guaranteed by the Government National Mortgage Association or similarly structured and secured associations or corporations.

**b. Restricted Assets**

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

**c. Capital Assets**

Capital assets, which include land and improvements, are reported in the governmental activities column in the government wide statements..

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

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

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

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

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

**c. Capital Assets (Continued)**

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

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Infrastructure	20-30 years
Improvements other than buildings	20-30 years
Furniture, fixtures and equipment	5-10 years

**d. Unamortized Bond Issuance Costs**

Bond issuance costs and legal fees associated with the issuance of bonds are amortized over the life of the bonds using the effective interest rate method of accounting.

**e. Bond Premiums**

Bond Premiums associated with the issuance of bonds are amortized over the life of the bonds using the effective interest rate method of accounting.

**f. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds.

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

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

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

“Total fund balances” of the District’s governmental funds (\$652,569) differs from “net assets” of governmental activities (\$18,786,859) reported in the Statement of Net Assets. This difference primarily results from the long-term economic focus of the Statement of Net Assets versus the current financial resources focus of the Governmental Fund Balance Sheet. The effect of the differences is illustrated below.

**Capital related items**

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

Land	\$ 690,000
Construction in progress	14,159,449
Infrastructure	7,044,000
Improvements	2,422,855
Furniture, fixtures and equipment	51,000
Accumulated depreciation	<u>(376,343)</u>
Total	<u>\$ 23,990,961</u>

**Bond issuance costs**

When intangible assets are expended, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Assets includes those intangible assets of the District as a whole.

Bond issuance costs	\$ 284,021
Accumulated amortization	<u>(8,847)</u>
Total	<u>\$ 275,174</u>

**Long-term debt transactions**

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets.

Balances at September 30, 2007 were:

Bonds payable	\$ (6,395,000)
Bonds premium	(36,745)
Deferred amount on refunding	<u>455,002</u>
Total	<u>\$ 5,976,743</u>

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

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

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

**Accrued interest**

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

Accrued interest	\$ <u>(155,102)</u>
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**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds (\$508,243) differs from the “change in net assets” for governmental activities \$7,588 reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. Therefore, when those assets are later conveyed, a fund level expenditure is not recorded, but the undepreciated balance is shown as a special item in the Statement of Activities. The following is the amount that capital outlay expenditures exceeded/(trailed) assets conveyed and depreciation expense.

Capital outlay	\$ 282,134
Depreciation expense	(361,043)
Total	<u>\$ (78,909)</u>

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

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

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

**Bond issuance costs**

When bond issuance costs used in governmental activities are expended, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as amortization costs. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of amortization expense charged for the year.

Bond Issuance Cost	\$	176,838
Depreciation expense		(6,844)
Total		<u>\$ 169,994</u>

**Long-term debt transactions**

Repayments of bond principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Bond principal payments	\$	150,000
Payments to bond escrow agent		<u>3,446,885</u>
Total		<u>\$ 3,596,885</u>

Bond proceeds are reported as other financing sources in the governmental funds, but proceeds in Repayments of bond principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Bond proceeds	\$	(3,165,000)
Bond Premium		(36,745)
Total		<u>\$ (3,201,745)</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net decrease in accrued interest payable	\$	<u>29,606</u>
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**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

**NOTE C - CASH AND INVESTMENTS**

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2007, the District's bank balance was \$35,864 and the carrying value was \$11,686. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2007, the District had the following investments and maturities:

Investment	Maturities	Fair Value	
First American Government Obligation Fund Class Y	N/A	\$ 335,136	52%
Fed Natl Mtg Assn NT	01/18/08	200,000	31%
State Board of Administration	N/A	109,485	17%
Total		\$ 644,621	

Interest Rate Risk

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

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2007, the District's investment in the First American Government Obligation Fund Class Y was rated AAAM by Standard & Poor's. The District's investment in the Federal National Mortgage Association was rated AAA by Standard & Poor's. The State Investment Pool is not rated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one. The investments in First American Government Obligation Fund Class Y are 52%, investments in Federal National Mortgage Association are 31%, and investments in the State Board of Administration are 17% of the District's total investments.

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

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

Concentration of Credit Risk (Continued)

The types of deposits and investments and their level of risk exposure as of September 30, 2007 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

**NOTE D – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2006-2007 fiscal year were levied in October 2006. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

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

**NOTE E – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2007 was as follows:

	Balance October 1,			Balance September 30,
	2006	Additions	Deletions	2007
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 690,000	\$ -	\$ -	\$ 690,000
Construction in progress	13,877,315	282,134	-	14,159,449
Total capital assets, not being depreciated	<u>14,567,315</u>	<u>282,134</u>	<u>-</u>	<u>14,849,449</u>
Capital assets, being depreciated:				
Furniture, fixtures and equipment	51,000	-	-	51,000
Infrastructure	7,044,000	-	-	7,044,000
Improvements other than buildings	2,422,855	-	-	2,422,855
Accumulated depreciation	(15,300)	(361,043)	-	(376,343)
Total capital assets being depreciated, net	<u>9,502,555</u>	<u>(361,043)</u>	<u>-</u>	<u>9,141,512</u>
Governmental activities capital assets	<u>\$ 24,069,870</u>	<u>\$ (78,909)</u>	<u>\$ -</u>	<u>\$ 23,990,961</u>

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

**NOTE E – CAPITAL ASSETS (CONTINUED)**

Depreciation was charged as follows:	
Physical Environment	\$ 208,762
Transportation	105,971
Culture and Recreation	<u>46,310</u>
Total	<u>\$ 361,043</u>

**NOTE F – LONG-TERM DEBT**

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2007:

Long-term debt at October 1, 2006	\$ 6,460,000
Bond Proceeds	3,165,000
Bonds defeased	( 3,080,000)
Principal payments	<u>(150,000)</u>
Long-term debt at September 30, 2007	<u>\$ 6,395,000</u>

Long-term debt is comprised of the following:

**Capital Improvement Revenue Bonds**

\$3,325,000 Series 2004A Special Assessment Bonds due in annual principal installments beginning May 2006 and maturing May 1, 2035. Interest at a rate of 6.125% is due May and November beginning May 2005.	\$ 3,230,000
\$3,165,000 Series 2007 Special Assessment Refunding Bonds due in annual principal installments beginning May 2012 and maturing May 1, 2031. Interest at a rate of 6.0% to 5.75% is due May and November beginning May 2005.	<u>3,165,000</u>
	<u>\$ 6,395,000</u>

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

**NOTE F – LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the principal and interest of long term debt outstanding as of September 30, 2007 are as follows:

Year Ending September 30,	Principal	Interest	Total
2008	\$ 115,000	\$ 372,244	\$ 487,244
2009	115,000	365,988	480,988
2010	125,000	359,607	484,607
2011	135,000	352,669	487,669
2012	135,000	345,301	480,301
2013-2017	825,000	1,600,125	2,425,125
2018-2022	1,100,000	1,330,569	2,430,569
2023-2027	1,465,000	963,720	2,428,720
2028-2032	1,730,000	472,588	2,202,588
2032-2035	650,000	82,994	732,994
Totals	<u>\$ 6,395,000</u>	<u>\$ 6,245,805</u>	<u>\$ 12,640,805</u>

Summary of Significant Bonds Resolution Terms and Covenants

Capital Improvement Revenue Bonds, Series 2004.

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

1. Reserve Fund - The 2004 Reserve Account is funded from the proceeds of the Bonds in an amount equal to the lesser of: (A) Maximum Annual Debt Service Requirement for all outstanding 2004 Bonds, (B) 125% of the average annual debt service for all outstanding 2004, or (C) 10% of the proceeds of the 2004 Bonds calculated as of the date of original issuance thereof. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	Bonds	
	Reserve Balance	Reserve Requirement
Series 2004A Special Assessment Bonds	\$ 245,268	\$ 244,456

The 2007 Special Assessment Bond does not have any reserve requirements, but has Financial Guaranty Insurance Policy.

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2007**

**NOTE F – LONG-TERM DEBT (CONTINUED)**

Refunding Debt Issued During the Year

In August 2007, the District issued \$3,165,000 of Series 2007 Special Assessment Refunding Bonds all of which remains outstanding at September 30, 2007. The Series 2007 bonds were issued to refund the outstanding 2000A Special Assessment Bonds. The Series 2007 bonds bear an interest rate ranging from 5.00% to 5.75 %with \$3,165,000 of serial bonds due from May 2012 thru May 2031.

The advance refunding of the Series 2000A Special Assessment Bonds resulted in a deferred amount on refunding of \$455,002. As a result of this transaction the district decreased its aggregate debt payment by \$1,030,139 over the next 24 years and realized an economic gain of approximately \$580,246.

**NOTE G – 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 of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

**NOTE H – 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. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.







