

**Brighton Lakes
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2008

Brighton Lakes Community Development District

ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2008

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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, 2008, 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, 2008, 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 March 31, 2009, 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.

Fort Pierce / Stuart



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 inquiries 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

March 31, 2009

**Brighton Lakes Community District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2008**

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, 2008**

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, 2008.

- The District's total assets exceeded total liabilities by \$16,341,986 (net assets). Unrestricted net assets for Governmental Activities were (\$1,416,073). Governmental activities restricted net assets were \$103,297.
- Governmental activities revenues totaled \$1,197,976 while governmental activities expenses and special items totaled \$3,642,849.

**Brighton Lakes Community District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2008**

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.

Net Assets

	Governmental Activities	
	2008	2007
Current assets	\$ 136,512	\$ 150,547
Restricted assets	514,960	539,532
Capital assets	21,432,139	23,990,961
Other non-current assets	<u>307,764</u>	<u>275,174</u>
Total Assets	<u>22,391,375</u>	<u>24,956,214</u>
Current liabilities	295,538	307,612
Non-current liabilities	<u>5,753,851</u>	<u>5,861,743</u>
Total Liabilities	<u>6,049,389</u>	<u>6,169,355</u>
Net assets - invested in capital assets, net of related debt	17,654,762	18,407,952
Net assets-restricted	103,297	199,394
Net assets-unrestricted	<u>(1,416,073)</u>	<u>179,513</u>
Total Net Assets	<u>\$ 16,341,986</u>	<u>\$ 18,786,859</u>

The decrease in total assets is due to depreciation expense and the conveyance of a portion of Phase II to the County during the year.

The decrease in total liabilities is due to the principal payments on debt during the year.

The decrease in net assets – unrestricted is related to the conveyance of assets by the District and the reclassification of the associated debt.

**Brighton Lakes Community District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2008**

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.

Change in Net Assets

	Governmental Activities	
	2008	2007
Program Revenues		
Charges for services	\$ 1,177,348	\$ 1,250,636
Capital grants and contributions	-	278,691
General Revenues		
Investments earnings	17,908	64,183
Other revenues	<u>2,720</u>	<u>19,729</u>
Total Revenues	<u>1,197,976</u>	<u>1,613,239</u>
Expenses		
General government	289,477	338,643
Physical environment	1,502,602	644,452
Transportation	-	156,167
Culture and recreation	-	46,310
Interest on long-term debt	<u>330,747</u>	<u>420,079</u>
Total Expenses	<u>2,122,826</u>	<u>1,605,651</u>
Conveyance of assets	<u>1,520,023</u>	<u>-</u>
Change in Net Assets	(2,444,873)	7,588
Net Assets - Beginning of Year	<u>18,786,859</u>	<u>18,779,271</u>
Net Assets - End of year	<u><u>\$ 16,341,986</u></u>	<u><u>\$ 18,786,859</u></u>

The decrease in total revenues is due to the decrease in capital grants and contributions paid by the developer.

The decrease in general government expenses is due to a decrease in certain operational expenses during the year.

**Brighton Lakes Community District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2008**

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, 2008 and 2007.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land and improvements	\$ 690,000	\$ 690,000
Construction in progress	-	14,159,449
Infrastructure	19,005,984	7,044,000
Improvements	2,422,855	2,422,855
Equipment	51,000	51,000
Accumulated depreciation	<u>(737,700)</u>	<u>(376,343)</u>
Total Capital Assets (Net)	<u>\$ 21,432,139</u>	<u>\$ 23,990,961</u>

During the year, \$14,159,449 of construction in progress was reclassified, (\$11,952,556) conveyed to the County, (\$1,520,023) or expensed.

Depreciation of \$361,357 was charged to physical environment during the year.

General Fund Budgetary Highlights

The budget exceeded governmental expenditures primarily because of lower general government activities than was expected.

There were no amendments to the September 30, 2008 budget.

Debt Management

Governmental Activities debt includes the following:

- 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, 2008 was \$3,185,000.
- 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, 2008 was \$3,090,000.

**Brighton Lakes Community District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 2009.

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, 2008

	Governmental Activities
ASSETS	
Current Assets	
Cash and investments	\$ 114,428
Due from other governments	11,634
Prepaid expenses	10,450
Total Current Assets	136,512
Non-current Assets	
Restricted assets investments	
Investments	514,180
Interest receivable	780
Bond issuance costs, net	307,764
Capital assets, not being depreciated	
Land and improvements	690,000
Capital assets, being depreciated	
Infrastructure	19,005,984
Improvements	2,422,855
Furniture, fixtures and equipment	51,000
Less: accumulated depreciation	(737,700)
Total Non-current Assets	22,254,863
Total Assets	22,391,375
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	27,801
Accrued interest	152,737
Bonds payable	115,000
Total Current Liabilities	295,538
Non-current liabilities	
Bonds payable	5,753,851
Total Liabilities	6,049,389
NET ASSETS	
Invested in capital assets, net of related debt	17,654,762
Restricted for debt service	103,297
Unrestricted	(1,416,073)
Total Net Assets	\$ 16,341,986

See accompanying notes.

Brighton Lakes Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenues and Changes in Net Assets</u>
Primary government		<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities			
General government	\$ (289,477)	\$ 256,907	\$ (32,570)
Physical environment	(1,502,602)	406,991	(1,095,611)
Interest on long-term debt	(330,747)	513,450	182,703
Total Governmental Activities	<u>\$ (2,122,826)</u>	<u>\$1,177,348</u>	<u>(945,478)</u>
General Revenues			
			17,908
			2,720
			<u>20,628</u>
			<u>(1,520,023)</u>
			(2,444,873)
			<u>18,786,859</u>
			<u>\$ 16,341,986</u>

See accompanying notes.

Brighton Lakes Community Development District
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008

	General	2004 Debt Service	2007 Debt Service	2004 Capital Projects	Governmental Funds
ASSETS					
Cash	\$ 105,104	\$ -	\$ -	\$ -	\$ 105,104
Investments	9,324	-	-	-	9,324
Prepaid expenses	10,450	-	-	-	10,450
Due from other governments	6,873	2,362	2,399	-	11,634
Restricted assets					
Investments, at fair value	-	379,073	114,989	20,118	514,180
Interest receivable	-	575	174	31	780
Total Assets	\$ 131,751	\$ 382,010	\$ 117,562	\$ 20,149	\$ 651,472
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 27,801	\$ -	\$ -	\$ -	\$ 27,801
Fund Balances:					
Reserved for:					
Debt service	-	382,010	117,562	-	499,572
Capital projects	-	-	-	20,149	20,149
Unreserved, reported in:					
Designated for maintenance	78,593	-	-	-	78,593
Unreserved and undesignated	25,357	-	-	-	25,357
Total Fund Balances	103,950	382,010	117,562	20,149	623,671
Total Liabilities and Fund Balances	\$ 131,751	\$ 382,010	\$ 117,562	\$ 20,149	\$ 651,472

See accompanying notes.

Brighton Lakes Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
September 30, 2008

Total Governmental Fund Balances	\$	623,671
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets (land (\$690,000), infrastructure (\$19,005,984), improvements (\$2,422,855), 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 (\$737,700).		21,432,139
Intangible assets being amortized (bond issuance costs (\$326,979) net of accumulated amortization (\$19,215)) used in governmental activities are not financial resources and; therefore, are not reported in the funds.		307,764
Long-term liabilities, including bonds payable (\$6,275,000), and bond premium, net (\$35,582), less deferred amount on refunding, net (\$441,731) are not due and payable in the current period and; therefore, are not reported in the funds.		(5,868,851)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.		<u>(152,737)</u>
Net Assets of Governmental Activities	\$	<u><u>16,341,986</u></u>

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, 2008

	General	2000 Debt Service	2004 Debt Service	2007 Debt Service	2000 Capital Projects	2004 Capital Projects	Totals Governmental Funds
Revenues							
Special assessments	\$ 663,898	\$ -	\$ 248,060	\$ 265,390	\$ -	\$ -	\$ 1,177,348
Investment earnings	3,497	39	10,987	2,737	-	648	17,908
Miscellaneous revenues	2,720	-	-	-	-	-	2,720
Total Revenues	<u>670,115</u>	<u>39</u>	<u>259,047</u>	<u>268,127</u>	<u>-</u>	<u>648</u>	<u>1,197,976</u>
Expenditures							
Current							
General government	289,477	-	-	-	-	-	289,477
Physical environment	454,375	-	-	-	-	-	454,375
Capital outlay	4,213	-	-	-	-	5,215	9,428
Debt service							
Principal	-	-	45,000	75,000	-	-	120,000
Interest	-	-	197,838	107,576	-	-	305,414
Other	-	-	2,591	45,589	-	-	48,180
Total Expenditures	<u>748,065</u>	<u>-</u>	<u>245,429</u>	<u>228,165</u>	<u>-</u>	<u>5,215</u>	<u>1,226,874</u>
Excess of revenues over/(under) expenditures	<u>(77,950)</u>	<u>39</u>	<u>13,618</u>	<u>39,962</u>	<u>-</u>	<u>(4,567)</u>	<u>(28,898)</u>
Other financing sources (uses):							
Transfers in	7,461	13	-	6,680	-	-	14,154
Transfers out	-	(9,928)	-	(4,213)	(13)	-	(14,154)
Total other financing sources (uses)	<u>7,461</u>	<u>(9,915)</u>	<u>-</u>	<u>2,467</u>	<u>(13)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(70,489)</u>	<u>(9,876)</u>	<u>13,618</u>	<u>42,429</u>	<u>(13)</u>	<u>(4,567)</u>	<u>(28,898)</u>
Fund Balances - October 1, 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>
Fund Balances - September 30, 2008	<u>\$ 103,950</u>	<u>\$ -</u>	<u>\$ 382,010</u>	<u>\$ 117,562</u>	<u>\$ -</u>	<u>\$ 20,149</u>	<u>\$ 623,671</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, 2008

Net Change in Fund Balances -Total Governmental Funds \$ (28,898)

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 (\$361,357) exceeded capital outlay (\$9,428) in the current period. (351,929)

During the year the district conveyed certain assets to the County. This is the amount of Phase II Capital assets conveyed to Osceola County during the year. (1,520,023)

Certain expenses related to construction in progress were not capitalized with Phase II in the current year. These expenses were classified as physical environment at the Government-wide level. (686,870)

Governmental funds report bond issuance costs (\$42,958) as expenditures. However, in the Statement of Activities, the cost of those assets are allocated based on an effective interest rate as amortization expense (\$10,368). This is the amount that bond issuance costs exceeded amortization expense in the current period. 32,590

Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 120,000

Governmental funds report bond premiums as an expenditure. However, in the Statement of Activities, the cost of those assets are allocated based on an effective interest rate as amortization expense. This is the amount of bond premium amortization expense in the current year. 1,163

The deferred amount of refunding is a deferred liability and is amortized in the Statement of Activities, but not in the governmental funds. This is the amount of amortization expense in the current year. (13,271)

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. 2,365

Change in Net Assets of Governmental Activites \$ (2,444,873)

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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 654,781	\$ 654,781	\$ 663,898	\$ 9,117
Investment earnings	5,000	5,000	3,497	(1,503)
Miscellaneous revenue	1,000	1,000	2,720	1,720
Total Revenues	<u>660,781</u>	<u>660,781</u>	<u>670,115</u>	<u>9,334</u>
Expenditures				
Current				
General government	166,407	166,407	289,477	(123,070)
Physical environment	661,317	661,317	454,375	206,942
Capital Outlay	-	-	4,213	(4,213)
Total Expenditures	<u>827,724</u>	<u>827,724</u>	<u>748,065</u>	<u>79,659</u>
Excess of revenues over/(under) expenditures	(166,943)	(166,943)	(77,950)	88,993
Other financing sources (uses):				
Transfers in	-	-	7,461	7,461
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,461</u>	<u>7,461</u>
Excess of revenues and other sources over (under) expenditures and other uses	(166,943)	(166,943)	(70,489)	96,454
Fund Balances - October 1, 2007	<u>166,943</u>	<u>166,943</u>	<u>174,439</u>	<u>7,496</u>
Fund Balances - September 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,950</u>	<u>\$ 103,950</u>

See accompanying notes.

Brighton Lakes Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

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, 2008

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, 2008

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, 2008

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. This fund was discontinued during the year.

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.

2007 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. The Series 2000 Capital projects fund was discontinued during the year.

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, 2008

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. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

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.

Brighton Lakes Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

c. Capital Assets (Continued)

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.

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, 2008

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 (\$623,671) differs from “net assets” of governmental activities (\$16,341,986) 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
Infrastructure		19,005,984
Improvements		2,422,855
Furniture, fixtures and equipment		51,000
Accumulated depreciation		<u>(737,700)</u>
Total		<u>\$ 21,432,139</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	\$	326,979
Accumulated amortization		<u>(19,215)</u>
Total		<u>\$ 307,764</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, 2008 were:

Bonds payable	\$	(6,275,000)
Bonds premium, net		(35,582)
Deferred amount on refunding, net		<u>441,731</u>
Total		<u>\$ 5,868,851</u>

Brighton Lakes Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

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>\$ (152,737)</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 (\$(28,898)) differs from the “change in net assets” for governmental activities (\$(2,444,873)) 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 assets conveyed and depreciation expense.

Depreciation expense	\$ (361,357)
Conveyed assets	(1,520,023)
Construction in progress not being capitalized	(686,870)
Capital Outlay	<u>9,428</u>
Total	<u>\$ (2,558,822)</u>

Brighton Lakes Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

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	\$	42,958
Depreciation expense		<u>(10,368)</u>
Total		<u>\$ 32,590</u>

Bond Discount and Premium

Governmental funds report bond premiums as an expenditure. However, in the Statement of Activities, the costs of these assets are allocated based on an effective interest rate as amortization expense. This is the amount of bond premium amortization expense in the current year.

Bond Premium	\$	<u>1,163</u>
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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.

Change in accrued interest payable	\$	<u>2,365</u>
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Long-term debt transactions

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

Bond principal payments	\$	120,000
Amortization of deferred amount on refunding		<u>(13,271)</u>
Total		<u>\$ 106,729</u>

Brighton Lakes Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet and statement of net assets 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. The investment policy of the District follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2008, the District's bank balance was \$112,430 and the carrying value was \$105,104. The District controls its exposure to custodial credit risk because it 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, 2008, the District had the following investments and maturities.

Investment	<u>Maturity</u>	<u>Fair Market</u>	<u>Cost</u>
Local Government Surplus Trust	N/A	\$ 9,324	\$ 11,590
First American Government Obligation Fund	N/A	514,180	514,180
		<u>\$ 523,504</u>	<u>\$ 525,770</u>

Investments

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

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

The District had investments reported at fair value of \$11,239 at September 30, 2008 in Fund B. Fund B consists of assets transferred from the LGIP in December 2007 that represented securities that had defaulted or are in default, or have extended payout times or are subject to potentially elevated credit risk. These funds are not subject to withdrawal, but will be paid as they mature. Fair market value is determined and reported as disclosed by the State Board of Administration. The calculation of the net change in the fair value of investments is independent of the calculation of realized gains and losses.

Brighton Lakes Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The District monitors 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 the state investment pool and government loans are limited by state statutory requirements and bond compliance. As of September 30, 2008, the District's investment in the First American Government Obligation Fund Class Y was rated AAAM by Standard & Poor's. The District also has monies invested with the Local Government Surplus Funds Trust Fund (Fund), at September 30, 2008. This fund met the requirements of a "2a-7 like pool" as defined in Government Accounting Standards Board, Statement 31.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one issuer. More than 98% of the District's investments are invested in First American Government Obligation Fund Class Y, with the remaining 2% invested in the Local Government Surplus Funds Trust Fund.

The types of deposits and investments and their level of risk exposure as of September 30, 2008 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. In addition, the District has the ability to hold investments to maturity that have fair values less than cost. The District's investments are recorded at fair value.

NOTE D – SPECIAL ASSESSMENT REVENUES

Special assessment revenues recognized for the 2007-2008 fiscal year were levied in October 2007. 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.

Brighton Lakes Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE E – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2008 was as follows:

	Balance October 1, 2007	Additions	Deletions	Balance September 30, 2008
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 690,000	\$ -	\$ -	\$ 690,000
Construction in progress	14,159,449	-	14,159,449	-
Total capital assets, not being depreciated	<u>14,849,449</u>	<u>-</u>	<u>14,159,449</u>	<u>690,000</u>
Capital assets, being depreciated:				
Furniture, fixtures and equipment	51,000	-	-	51,000
Infrastructure	7,044,000	11,961,984	-	19,005,984
Improvements other than buildings	2,422,855	-	-	2,422,855
Accumulated depreciation	(376,343)	(361,357)	-	(737,700)
Total capital assets being depreciated, net	<u>9,141,512</u>	<u>11,600,627</u>	<u>-</u>	<u>20,742,139</u>
Governmental activities capital assets	<u>\$ 23,990,961</u>	<u>\$ 11,600,627</u>	<u>\$ 14,159,449</u>	<u>\$ 21,432,139</u>

Depreciation expense in the amount of \$361,357 was charged to physical environment.

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, 2008:

Long-term debt at October 1, 2007	\$ 6,395,000
Principal payments	<u>(120,000)</u>
Long-term debt at September 30, 2008	<u>\$ 6,275,000</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.

\$ 3,185,000

\$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 2008.

3,090,000

\$ 6,275,000

Brighton Lakes Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE F – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of long term debt outstanding as of September 30, 2008 are as follows:

Year Ending September 30,	Principal	Interest	Total
2009	\$ 130,000	\$ 366,531	\$ 496,531
2010	125,000	359,451	484,451
2011	130,000	352,639	482,639
2012	135,000	345,520	480,520
2013	145,000	338,151	483,151
2014-2018	875,000	1,557,313	2,432,313
2019-2023	1,160,000	1,275,381	2,435,381
2024-2028	1,555,000	893,496	2,448,496
2029-2033	1,580,000	388,833	1,968,833
2034-2035	440,000	40,425	480,425
Totals	<u>\$ 6,275,000</u>	<u>\$ 5,917,740</u>	<u>\$ 12,192,740</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	<u>\$ 245,268</u>	<u>\$ 244,456</u>

The 2007 Special Assessment Bond purchased a Financial Guaranty Insurance Policy for the reserve requirement.

Brighton Lakes Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE G – 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.



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**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
Brighton Lakes Community Development District
Osceola County, Florida

We have audited the financial statements of Brighton Lakes Community Development District as of and for the year ended September 30, 2008, and have issued our report thereon dated March 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brighton Lakes Community Development District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Brighton Lakes Community Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Brighton Lakes Community Development District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not

To the Board of Supervisors
Brighton Lakes Community Development District

identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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



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

March 31, 2009



Berger, Toombs, Elam, Gaines & Frank

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Management Letter

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

We have audited the financial statements of the Brighton Lakes Community Development District, Florida as of and for the year ended September 30, 2008, and have issued our report thereon dated March 31, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 31, 2009 should be considered in conjunction with this Management Letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(i)) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

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

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

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies,



To the Board of Supervisors
Brighton Lakes Community Development District

shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.c and Section 10.556(7)), we applied financial conditions assessment procedures. It is management's responsibility to monitor the entity's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Brighton Lakes Community Development District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes and is not in a state of financial emergency.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the District for the fiscal year ended September 30, 2008, filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in agreement with our annual financial audit report for the fiscal year ended September 30, 2008.

Pursuant to Chapter 119, Florida Statute, this Management Letter is a public record and its' distribution is not limited. However, in accordance with auditing standards generally accepted in the United States of America, this Management Letter is intended solely for the information of Brighton Lakes Community Development District and management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger, Toombs, Elam,
Gaines & Frank*

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

March 31, 2009