

**Brighton Lakes  
Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2009**

**Brighton Lakes Community Development District**

**ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2009**

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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, 2009, 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, 2009, 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 15, 2010, 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.

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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

February 15, 2010

**Brighton Lakes Community District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2009**

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 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, 2009**

**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, 2009.

- The District's total assets exceeded total liabilities by \$15,713,606 (net assets). Unrestricted net assets for Governmental Activities were \$137,181. Governmental activities restricted net assets were \$116,834.
- Governmental activities revenues totaled \$1,188,253 while governmental activities expenses totaled \$1,816,633.

**Brighton Lakes Community District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2009**

**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**

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2008</b>
Current assets	\$ 175,757	\$ 136,512
Restricted assets	509,625	514,960
Capital assets	20,681,234	21,432,139
Other non-current assets	<u>293,328</u>	<u>307,764</u>
Total Assets	<u>21,659,944</u>	<u>22,391,375</u>
Current liabilities	312,829	295,538
Non-current liabilities	<u>5,633,509</u>	<u>5,753,851</u>
Total Liabilities	<u>5,946,338</u>	<u>6,049,389</u>
Net assets - invested in capital assets, net of related debt	15,459,591	17,654,762
Net assets-restricted	116,834	103,297
Net assets-unrestricted	<u>137,181</u>	<u>(1,416,073)</u>
Total Net Assets	<u>\$ 15,713,606</u>	<u>\$ 16,341,986</u>

The decrease in total assets is due to depreciation expense.

The reduction in total liabilities is caused by principal payments on long-term debt during the year.

The decrease in total net assets is primarily related to the increase in depreciation expense net of payments on long-term debt during the year.

**Brighton Lakes Community District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2009**

**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**

	<b><u>Governmental Activities</u></b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
Program Revenues		
Charges for services	\$ 1,171,052	\$ 1,177,348
General Revenues		
Investments earnings	472	17,908
Other revenues	<u>16,729</u>	<u>2,720</u>
Total Revenues	<u>1,188,253</u>	<u>1,197,976</u>
Expenses		
General government	302,691	289,477
Physical environment	1,111,135	1,502,602
Interest on long-term debt	<u>402,807</u>	<u>330,747</u>
Total Expenses	<u>1,816,633</u>	<u>2,122,826</u>
Conveyance of assets	<u>-</u>	<u>1,520,023</u>
Change in Net Assets	(628,380)	(2,444,873)
Net Assets - Beginning of Year	<u>16,341,986</u>	<u>18,786,859</u>
Net Assets - End of year	<u><u>\$ 15,713,606</u></u>	<u><u>\$ 16,341,986</u></u>

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

The District did not convey capital assets to another governmental entity during the current fiscal year and this resulted in an increase in the change in net assets.

**Brighton Lakes Community District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2009**

**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, 2009 and 2008.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 690,000	\$ 690,000
Construction in progress	15,845	-
Infrastructure	19,005,984	19,005,984
Improvements	2,422,855	2,422,855
Equipment	51,000	51,000
Accumulated depreciation	<u>(1,504,450)</u>	<u>(737,700)</u>
Total Capital Assets (Net)	<u>\$ 20,681,234</u>	<u>\$ 21,432,139</u>

During the year, \$15,845 was capitalized as construction in progress.

Depreciation of \$766,750 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, 2009 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, 2009 was \$3,140,000.
- In August 2007, the District issued \$3,165,000 Series 2007 Special Assessment Bonds Refunding Bonds. The bonds were issued to defease the 2000A Special Assessment Bond. The balance outstanding at September 30, 2009 was \$3,005,000.

**Brighton Lakes Community District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2009**

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

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

For fiscal year 2010, the District has currently collected approximately 88% of the budgeted assessments. However, there is no way to predict what significant effect the current economic condition will have on the financial condition or results of operations of the District in fiscal year 2010.

**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, 2009**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 148,827
Accounts receivable	17
Due from other governments	11,454
Prepaid expenses	15,459
Total Current Assets	175,757
Non-current Assets	
Restricted assets investments	
Investments	509,625
Bond issuance costs, net	293,328
Capital assets, not being depreciated	
Land and improvements	690,000
Construction in progress	15,845
Capital assets, being depreciated	
Infrastructure	19,005,984
Improvements	2,422,855
Furniture, fixtures and equipment	51,000
Less: accumulated depreciation	(1,504,450)
Total Non-current Assets	21,484,187
Total Assets	21,659,944
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	38,011
Accrued interest	149,818
Bonds payable	125,000
Total Current Liabilities	312,829
Non-current liabilities	
Bonds payable	5,633,509
Total Liabilities	5,946,338
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	15,459,591
Restricted for debt service	116,834
Unrestricted	137,181
Total Net Assets	\$ 15,713,606

See accompanying notes.

**Brighton Lakes Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Governmental Activities</u>
<b>Primary government</b>			
Governmental Activities			
General government	\$ (302,691)	\$ 141,443	\$ (161,248)
Physical environment	(1,111,135)	519,216	(591,919)
Interest on long-term debt	(402,807)	510,393	107,586
Total Governmental Activities	<u>\$ (1,816,633)</u>	<u>\$ 1,171,052</u>	<u>(645,581)</u>
<b>General Revenues</b>			
			472
			16,729
			<u>17,201</u>
			(628,380)
			<u>16,341,986</u>
			<u>\$ 15,713,606</u>

See accompanying notes.

**Brighton Lakes Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2009**

	General	2004 Debt Service	2007 Debt Service	2004 Capital Projects	Governmental Funds
<b>ASSETS</b>					
Cash	\$ 21,251	\$ -	\$ -	\$ -	\$ 21,251
Investments	127,576	-	-	-	127,576
Accounts receivable	17	-	-	-	17
Prepaid expenses	15,459	-	-	-	15,459
Due from other governments	6,506	2,485	2,463	-	11,454
Due from other funds	-	735	157	-	892
Restricted assets					
Investments, at fair value	-	389,936	115,306	4,383	509,625
Total Assets	<u>\$ 170,809</u>	<u>\$ 393,156</u>	<u>\$ 117,926</u>	<u>\$ 4,383</u>	<u>\$ 686,274</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 38,011	\$ -	\$ -	\$ -	\$ 38,011
Due to other funds	-	-	892	-	892
Total Liabilities	<u>38,011</u>	<u>-</u>	<u>892</u>	<u>-</u>	<u>38,903</u>
Fund Balances:					
Reserved for:					
Debt service	-	393,156	117,034	-	510,190
Capital projects	-	-	-	4,383	4,383
Unreserved, reported in:					
Designated for maintenance	12,000	-	-	-	12,000
Unreserved and undesignated	120,798	-	-	-	120,798
Total Fund Balances	<u>132,798</u>	<u>393,156</u>	<u>117,034</u>	<u>4,383</u>	<u>647,371</u>
Total Liabilities and Fund Balances	<u>\$ 170,809</u>	<u>\$ 393,156</u>	<u>\$ 117,926</u>	<u>\$ 4,383</u>	<u>\$ 686,274</u>

See accompanying notes.

**Brighton Lakes Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2009**

Total Governmental Fund Balances	\$	647,371
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets (land (\$690,000), construction in progress (\$15,845) 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 (\$1,504,450)).		20,681,234
Intangible assets being amortized (bond issuance costs (\$326,979) net of accumulated amortization (\$33,651)) used in governmental activities are not financial resources and; therefore, are not reported in the funds.		293,328
Long-term liabilities, including bonds payable (\$6,145,000), and bond premium, net (\$33,703), less deferred amount on refunding, net (\$420,194) are not due and payable in the current period and; therefore, are not reported in the funds.		(5,758,509)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.		<u>(149,818)</u>
Net Assets of Governmental Activities	<u>\$</u>	<u>15,713,606</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, 2009**

	General	2004 Debt Service	2007 Debt Service	2004 Capital Projects	Totals Governmental Funds
Revenues					
Special assessments	\$ 660,659	\$ 252,356	\$ 258,037	\$ -	\$ 1,171,052
Investment earnings	(1,464)	1,433	424	79	472
Miscellaneous revenues	16,729	-	-	-	16,729
Total Revenues	<u>675,924</u>	<u>253,789</u>	<u>258,461</u>	<u>79</u>	<u>1,188,253</u>
Expenditures					
Current					
General government	302,691	-	-	-	302,691
Physical environment	344,385	-	-	-	344,385
Capital outlay	-	-	-	15,845	15,845
Debt service					
Principal	-	45,000	85,000	-	130,000
Interest	-	195,081	171,450	-	366,531
Other	-	2,562	2,539	-	5,101
Total Expenditures	<u>647,076</u>	<u>242,643</u>	<u>258,989</u>	<u>15,845</u>	<u>1,164,553</u>
Excess of revenues over/(under) expenditures	<u>28,848</u>	<u>11,146</u>	<u>(528)</u>	<u>(15,766)</u>	<u>23,700</u>
Fund Balances - October 1, 2008	<u>103,950</u>	<u>382,010</u>	<u>117,562</u>	<u>20,149</u>	<u>623,671</u>
Fund Balances - September 30, 2009	<u>\$ 132,798</u>	<u>\$ 393,156</u>	<u>\$ 117,034</u>	<u>\$ 4,383</u>	<u>\$ 647,371</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	\$ 23,700
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 (\$766,750) exceeded capital outlay (\$15,845) in the current period.	(750,905)
Governmental funds report bond issuance costs as expenditures. 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 that bond issuance costs exceeded amortization expense in the current period.	(14,436)
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.	1,879
Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	130,000
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.	(21,537)
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.	<u>2,919</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (628,380)</u></u>

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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 654,781	\$ 654,781	\$ 660,659	\$ 5,878
Investment earnings	5,000	5,000	(1,464)	(6,464)
Miscellaneous revenue	1,000	1,000	16,729	15,729
Total Revenues	<u>660,781</u>	<u>660,781</u>	<u>675,924</u>	<u>15,143</u>
Expenditures				
Current				
General government	274,652	274,652	302,691	(28,039)
Physical environment	447,724	447,724	344,385	103,339
Total Expenditures	<u>722,376</u>	<u>722,376</u>	<u>647,076</u>	<u>75,300</u>
Excess of revenues over/(under) expenditures	(61,595)	(61,595)	28,848	90,443
Fund Balances - October 1, 2008	<u>61,595</u>	<u>61,595</u>	<u>103,950</u>	<u>42,355</u>
Fund Balances - September 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,798</u>	<u>\$ 132,798</u>

See accompanying notes.

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**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 established on April 12, 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, 2009**

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

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

**a. Government-wide Financial Statements**

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

Governmental activities are supported by special assessments and interest. Program revenues 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, 2009**

**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, 2009**

**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.

2004 Debt Service Fund - Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of a portion 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 first lien on the 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 a portion 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 which constituted a first lien on the benefited land.

2004 Capital Projects Fund – Accounts for construction of infrastructure improvements within Phase II 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, 2009**

**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, 2009**

**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. Deferred amount on refunding**

Deferred amount on refunding is the excess of initial monies expended over the outstanding principal of the bonds refunded. The deferred amount on refunding is amortized by the effective interest method over the life of the bonds.

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

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

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

**g. Budgets**

Budgets for the governmental funds are prepared and adopted after public hearings, 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.

**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 (\$647,371) differs from “net assets” of governmental activities (\$15,713,606) 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		15,845
Infrastructure		19,005,984
Improvements		2,422,855
Furniture, fixtures and equipment		51,000
Accumulated depreciation		<u>(1,504,450)</u>
Total		<u>\$ 20,681,234</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>(33,651)</u>
Total		<u>\$ 293,328</u>

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**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)**

**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, 2009 were:

Bonds payable	\$ (6,145,000)
Bonds premium, net	(33,703)
Deferred amount on refunding, net	<u>420,194</u>
Total	<u>\$ (5,758,509)</u>

**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>\$ (149,818)</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 (\$23,700) differs from the "change in net assets" for governmental activities (\$628,380) 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	\$ (766,750)
Capital Outlay	<u>15,845</u>
Total	<u>\$ (750,905)</u>

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**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.

Amortization expense	\$ <u>(14,436)</u>
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**Bond Payments, Premium and Deferred amount on refunding**

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	\$ 130,000
Amortization of bond premium	1,879
Amortization of deferred amount on refunding	<u>(21,537)</u>
Total	<u>\$ 110,342</u>

**Long-term debt transactions**

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>2,919</u>
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**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**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, 2009, the District's bank balance was \$25,602 and the carrying value was \$21,251. 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, 2009, the District had the following investments and maturities.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Market Value</u>	<u>Cost</u>
Local Government Surplus Trust	N/A	\$ 127,576	\$131,764
First American Government Obligation Fund CI Y	N/A	397,634	397,634
US Treasury Bill	N/A	111,991	111,991
		<u>\$ 637,201</u>	<u>\$641,389</u>

Investments

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

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

The District had investments reported at fair value of \$5,102 at September 30, 2009 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, 2009**

**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, 2009, 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, 2009. 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. 62% of the District's investments are invested in First American Government Obligation Fund Class Y, 20% are invested in Local Government Surplus Funds Trust Fund, and the remaining 18% are invested in US Treasury Bills.

The types of deposits and investments and their level of risk exposure as of September 30, 2009 were typical of these items during the fiscal year then ended. 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 2008-2009 fiscal year were levied in October 2008. 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, 2009**

**NOTE E – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2009 was as follows:

	Balance October 1, 2008	Additions	Deletions	Balance September 30, 2009
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 690,000	\$ -	\$ -	\$ 690,000
Construction in progress	-	15,845	-	15,845
Total capital assets, not being depreciated	<u>690,000</u>	<u>15,845</u>	<u>-</u>	<u>705,845</u>
Capital assets, being depreciated:				
Furniture, fixtures and equipment	51,000	-	-	51,000
Infrastructure	19,005,984	-	-	19,005,984
Improvements other than buildings	2,422,855	-	-	2,422,855
Accumulated depreciation	(737,700)	(766,750)	-	(1,504,450)
Total capital assets being depreciated, net	<u>20,742,139</u>	<u>(766,750)</u>	<u>-</u>	<u>19,975,389</u>
Governmental activities capital assets	<u>\$ 21,432,139</u>	<u>\$ (750,905)</u>	<u>\$ -</u>	<u>\$ 20,681,234</u>

Depreciation expense in the amount of \$766,750 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, 2009:

Long-term debt at October 1, 2008	\$ 6,275,000
Principal payments	<u>(130,000)</u>
Long-term debt at September 30, 2009	<u>6,145,000</u>
Less: Deferred amount on refunding	(420,194)
Bond premium	<u>33,703</u>
Bonds payable, net	<u>\$ 5,758,509</u>

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

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

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. \$ 3,140,000

\$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. 3,005,000  
6,145,000

Less: Deferred amount on refunding (420,194)

Bond premium 33,703

Bonds payable, net \$ 5,758,509

The annual requirements to amortize the principal and interest of long term debt outstanding as of September 30, 2009 are as follows:

Year Ending September 30,	Principal	Interest	Total
2010	\$ 125,000	\$ 359,450	\$ 484,450
2011	130,000	352,638	482,638
2012	135,000	345,519	480,519
2013	145,000	338,150	483,150
2014	155,000	330,013	485,013
2015-2019	930,000	1,507,819	2,437,819
2020-2024	1,225,000	1,208,094	2,433,094
2025-2029	1,645,000	801,531	2,446,531
2030-2034	1,435,000	294,513	1,729,513
2035	<u>220,000</u>	<u>13,475</u>	<u>233,475</u>
Totals	<u>\$ 6,145,000</u>	<u>\$ 5,551,202</u>	<u>\$ 11,696,202</u>

**Brighton Lakes Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

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

Summary of Significant Bonds Resolution Terms and Covenants

Capital Improvement Revenue Bonds, Series 2004.

Depository Funds - The Supplemental Trust Indenture governing the bonds ("Trust Indenture") 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	\$ 243,538	\$ 243,538

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

**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.



**Berger, Toombs, Elam,  
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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, 2009, and have issued our report thereon dated February 15, 2010. 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 identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Supervisors  
Brighton Lakes Community Development District

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*

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

February 15, 2010



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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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, 2009, and have issued our report thereon dated February 15, 2010.

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 February 15, 2010 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 auditor's 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,

Fort Pierce / Stuart

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, 2009, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with our annual financial audit report for the fiscal year ended September 30, 2009.

Pursuant to Chapter 119, Florida Statutes, this Management Letter is a public record and its' distribution is not limited. However, in accordance with auditing standards generally accepted in the United States of America, this Management Letter is intended solely for the information of 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

February 15, 2010