

**Stoneybrook South  
Community  
Development District**

**FINANCIAL STATEMENTS**

**September 30, 2014**



**CRI** CARR  
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**Stoneybrook South Community Development District**  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors  
Stoneybrook South Community Development District  
Osceola County, Florida

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of Stoneybrook South Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Caru, Riggs & Ingram, L.L.C.*

Miramar Beach, Florida  
March 31, 2015



## **Management's Discussion And Analysis**

## Stoneybrook South Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Stoneybrook South Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the District's financial statements, which begin on page 9.

### FINANCIAL HIGHLIGHTS

- At September 30, 2014, the assets and deferred outflows of resources of the District exceed its liabilities and deferred inflows of resources by approximately \$26.4 million.
- During fiscal years 2011, 2012 and 2013, the District did not receive any debt service assessments from South Development, LLC (the "original developer") or the successor developer, Len-CG South, LLC (the "Developer"). As a result, the scheduled debt service payments due November 2010 through November 2013 were not paid at the direction of the bondholders. During fiscal year 2013, the District issued Series 2013 Bonds to refund a portion of the Series 2007A and Series 2007B Bonds. During fiscal year 2014, the District made certain past due interest payments on the Series 2007A Bonds. Subsequently, the bondholders canceled the remaining Series 2007A and Series 2007B Bonds. In June 2014, the District issued Special Assessment Bonds, Series 2014, in the amount of \$14,785,000 to fund the Assessment Area Two-A project.
- During the fiscal year ended September 30, 2014, the District established infrastructure totaling approximately \$4.1 million, as part of the Assessment Area Two-A project.

### USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 9 – 10 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

#### ***Reporting the District as a Whole***

Our analysis of the District as a whole begins on page 5. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

## Stoneybrook South Community Development District Management's Discussion and Analysis

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

### ***Reporting the District's Most Significant Funds***

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 11 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

## Stoneybrook South Community Development District Management's Discussion and Analysis

### THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	<b>2014</b>	<b>2013</b>	<b>Change</b>
<b>Assets</b>			
Current and other assets	\$ 11,770,271	\$ 1,596,150	\$ 10,174,121
Capital assets, net	39,530,332	36,787,135	2,743,197
<b>Total assets</b>	<b>51,300,603</b>	<b>38,383,285</b>	<b>12,917,318</b>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	28,594	29,719	(1,125)
<b>Total assets and deferred outflows of resources</b>	<b>\$ 51,329,197</b>	<b>\$ 38,413,004</b>	<b>\$ 12,916,193</b>
<b>Liabilities</b>			
Current liabilities	\$ 720,326	\$ 44,931,685	\$ (44,211,359)
Other liabilities	23,559,139	9,030,793	14,528,346
<b>Total liabilities</b>	<b>24,279,465</b>	<b>53,962,478</b>	<b>(29,683,013)</b>
<b>Deferred inflows of resources</b>			
Deferred gain on refunding	676,719	703,344	(26,625)
<b>Total deferred inflows of resources</b>	<b>676,719</b>	<b>703,344</b>	<b>(26,625)</b>
<b>Net position</b>			
Net investment in capital assets	26,751,087	(5,514,956)	32,266,043
Restricted for:			
Debt service	141,347	-	141,347
Capital projects	634,587	89,709	544,878
Unrestricted	(1,154,008)	(10,827,571)	9,673,563
<b>Total net position</b>	<b>26,373,013</b>	<b>(16,252,818)</b>	<b>42,625,831</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 51,329,197</b>	<b>\$ 38,413,004</b>	<b>\$ 12,916,193</b>

For more detailed information, see the accompanying Statement of Net Position.

During the fiscal year ended September 30, 2014, total assets increased and liabilities decreased by approximately \$12.9 million and \$29.7 million, respectively. The increase in assets is primarily due to the issuance of the Series 2014 Bonds. The decrease in liabilities is primarily due to cancellation of the remaining Series 2007A and Series 2007B Bonds, which also contributed to the significant change in allocation from current liabilities to other liabilities.



## Stoneybrook South Community Development District Management's Discussion and Analysis

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	<b>2014</b>	<b>2013</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 2,729,584	\$ 543,648	\$ 2,185,936
Grants and contributions	71	142,090	(142,019)
General revenues:			
Debt forgiveness	42,603,248	2,378,556	40,224,692
Developer contributions	-	29,490	(29,490)
Interest and other revenues	1,459	150	1,309
<b>Total revenues</b>	<b>45,334,362</b>	<b>3,093,934</b>	<b>42,240,428</b>
<b>Expenses:</b>			
General government	138,513	126,142	12,371
Maintenance and operations	476,257	288,000	188,257
Conveyance	1,382,186	1,910,655	(528,469)
Cost of issuance	470,331	387,650	82,681
Interest	241,244	2,274,976	(2,033,732)
<b>Total expenses</b>	<b>2,708,531</b>	<b>4,987,423</b>	<b>(2,278,892)</b>
Change in net position	42,625,831	(1,893,489)	44,519,320
Effect of adoption of GASB No.65	-	(757,806)	(44,519,320)
<b>Net position (deficit), beginning of year</b>	<b>(16,252,818)</b>	<b>(13,601,523)</b>	<b>(2,651,295)</b>
<b>Net position (deficit), end of year</b>	<b>\$ 26,373,013</b>	<b>\$ (16,252,818)</b>	<b>\$ 42,625,831</b>

For more detailed information, see the accompanying Statement of Activities.

Revenues increased and expenses decreased from the prior year by approximately \$42.2 million and \$2.3 million, respectively. The increase in revenues is primarily due to the cancelation of the remaining Series 2007A and Series 2007B Bonds. The decrease in expenses is primarily due to the resulting decrease in interest expense. The overall result was a \$42,625,831 increase in net position for fiscal year 2014.

### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of approximately \$11.7 million, which is a significant increase from last year's deficit balance that totaled \$5.8 million. Significant transactions are discussed below.

## Stoneybrook South Community Development District Management's Discussion and Analysis

- During the fiscal year ended September 30, 2014, the District incurred approximately \$789,000 of interest expenditures and repaid principal of \$280,000.
- In June 2014, the bondholders canceled the remaining Series 2007A and Series 2007B Bonds and the District issued Special Assessment Bonds, Series 2014, in the amount of \$14,785,000 to fund the Assessment Area Two-A project.
- During the fiscal year ended September 30, 2014, the District established infrastructure totaling approximately \$4.1 million, as part of the Assessment Area Two-A project.

The overall increase in fund balance for the year ended September 30, 2014 totaled approximately \$17.4 million.

### GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 25.

The District experienced favorable variances in revenues and expenditures as compared to the budget in the amount of \$16,713 and \$35,571, respectively. The variance in revenues is primarily due to a developer deficit funding contribution that was collected in fiscal year 2014. The variance in expenditures occurred primarily due to anticipated expenditures that were not incurred during the year.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### ***Capital Assets***

At September 30, 2014, the District had approximately \$39.5 million invested in capital assets. This amount represents a net increase of approximately \$2.7 million from the fiscal year 2013 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	<b>2014</b>	<b>2013</b>	<b>Change</b>
Capital assets not being depreciated	\$ 39,530,332	\$ 36,787,135	\$ 2,743,197
Net capital assets	\$ 39,530,332	\$ 36,787,135	\$ 2,743,197

More information about the District's capital assets is presented in Note 4 to the financial statements.

# Stoneybrook South Community Development District Management's Discussion and Analysis

## Debt

At September 30, 2014, the District had approximately \$23.9 million of bonds outstanding. This amount represents a decrease of approximately \$21.8 million from the fiscal year 2013 total.

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	<b>2014</b>	<b>2013</b>	<b>Change</b>
Series 2007A bonds	\$ -	\$ 4,890,000	\$ (4,890,000)
Series 2007B bonds	-	31,550,000	(31,550,000)
Series 2013 bonds	9,145,000	9,300,000	(155,000)
Series 2014 bonds	14,785,000	-	14,785,000
<b>Total</b>	<b>\$ 23,930,000</b>	<b>\$ 45,740,000</b>	<b>\$ (21,810,000)</b>

More information about the District's long-term debt is presented in Note 5 to the financial statements.

## FUTURE FINANCIAL FACTORS

Stoneybrook South Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2015 were established to provide for the operations of the District as well as the necessary debt service requirements.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Stoneybrook South Community Development District's management company at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.



## **Basic Financial Statements**

**Stoneybrook South Community Development District  
Statement of Net Position**

<i>September 30,</i>	<b>2014</b>
	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 87,287
Investments	11,645,875
Prepaid expenses	24,078
Deposits	13,031
Capital assets:	
Not being depreciated	39,530,332
<b>Total assets</b>	<b>51,300,603</b>
<b>Deferred outflows of resources</b>	
Deferred charge on refunding	28,594
<b>Total deferred outflows of resources</b>	<b>28,594</b>
<b>Liabilities</b>	
Accounts payable	66,992
Accrued expenses	16,895
Accrued interest payable	471,439
Non-current liabilities:	
Due within one year	165,000
Due in more than one year	23,559,139
<b>Total liabilities</b>	<b>24,279,465</b>
<b>Deferred inflows of resources</b>	
Deferred gain on refunding	676,719
<b>Total deferred outflows of resources</b>	<b>676,719</b>
<b>Net position</b>	
Net invested in capital assets	26,751,087
Restricted for:	
Debt service	141,347
Capital projects	634,587
Unrestricted	(1,154,008)
<b>Total net position</b>	<b>\$ 26,373,013</b>

*The accompanying notes are an integral part of these financial statements.*

## Stoneybrook South Community Development District Statement of Activities

Year ended September 30,

2014

Functions/Programs	Expenses	Charges for Services	<u>Program Revenues</u>		Governmental Activities	Net (Expense) Revenue and Changes in <u>Net Position</u>
			Operating Grants and Contributions	Capital Grants and Contributions		
Primary government:						
Governmental activities:						
General government	\$ (138,513)	\$ 128,662	\$ -	\$ -		\$ (9,851)
Maintenance and operations	(476,257)	507,408	-	-		31,151
Conveyance	(1,382,186)	-	-	-		(1,382,186)
Cost of issuance	(470,331)	-	-	-		(470,331)
Interest	(241,244)	2,093,514	61	10		1,852,341
<b>Total governmental activities</b>	<b>\$ (2,708,531)</b>	<b>\$ 2,729,584</b>	<b>\$ 61</b>	<b>\$ 10</b>		<b>21,124</b>

### General revenues and special items

Special item - debt forgiveness	42,603,248
Interest and other revenues	1,459
<b>Total general revenues and special items</b>	<b>42,604,707</b>
<b>Change in net assets</b>	<b>42,625,831</b>
<b>Net position (deficit) - beginning of year</b>	<b>(16,252,818)</b>
<b>Net position (deficit) - end of year</b>	<b>\$ 26,373,013</b>

*The accompanying notes are an integral part of these financial statements.*

**Stoneybrook South Community Development District  
Balance Sheet – Governmental Funds**

<i>September 30,</i>	<b>2014</b>			
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 87,287	\$ -	\$ -	\$ 87,287
Investments	-	1,947,073	9,698,802	11,645,875
Prepaid expenditures	24,078	-	-	24,078
Deposits	13,031	-	-	13,031
<b>Total assets</b>	<b>\$ 124,396</b>	<b>\$ 1,947,073</b>	<b>\$ 9,698,802</b>	<b>\$ 11,770,271</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 66,992	\$ -	\$ -	\$ 66,992
Accrued expenditures payable	16,895	-	-	16,895
<b>Total liabilities</b>	<b>83,887</b>	<b>-</b>	<b>-</b>	<b>83,887</b>
<b>Fund balances</b>				
Nonspendable	37,109	-	-	37,109
Restricted for:				
Debt service	-	1,947,073	-	1,947,073
Capital projects	-	-	9,698,802	9,698,802
Unassigned	3,400	-	-	3,400
<b>Total fund balances</b>	<b>40,509</b>	<b>1,947,073</b>	<b>9,698,802</b>	<b>11,686,384</b>
<b>Total liabilities and fund balances</b>	<b>\$ 124,396</b>	<b>\$ 1,947,073</b>	<b>\$ 9,698,802</b>	<b>\$ 11,770,271</b>

*The accompanying notes are an integral part of these financial statements.*

**Stoneybrook South Community Development District  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of  
Net Position**

<i>September 30,</i>	<b>2014</b>
Total fund balance, governmental funds	\$ 11,686,384
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	39,530,332
Deferred charges on refunding are not financial resources and, therefore are not reported as assets in governmental funds. The Statement of Net Position includes these charges, net of amortization.	28,594
Deferred gains on refunding are not financial resources and, therefore are not reported as liabilities in governmental funds. The Statement of Net Position includes these gains, net of amortization.	(676,719)
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(24,195,578)
Total net position - governmental activities	\$ 26,373,013

*The accompanying notes are an integral part of these financial statements.*



**Stoneybrook South Community Development District  
Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds**

*Year ended September 30,*

**2014**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Assessments	\$ 636,070	\$2,093,514	\$ -	\$ 2,729,584
Developer contributions	11,775	-	-	11,775
Interest and other revenues	1,459	61	10	1,530
<b>Total revenues</b>	<b>649,304</b>	<b>2,093,575</b>	<b>10</b>	<b>2,742,889</b>
<b>Expenditures</b>				
Current:				
General government	120,763	-	17,750	138,513
Maintenance and operations	476,257	-	-	476,257
Debt service:				
Principal	-	280,000	-	280,000
Interest	-	789,288	-	789,288
Cost of issuance	-	-	470,331	470,331
Capital outlay	-	-	4,125,383	4,125,383
<b>Total expenditures</b>	<b>597,020</b>	<b>1,069,288</b>	<b>4,613,464</b>	<b>6,279,772</b>
Excess (deficit) of revenues over expenditures	52,284	1,024,287	(4,613,454)	(3,536,883)
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	-	1,107,321	13,677,679	14,785,000
Original issue discount	-	(207,882)	-	(207,882)
Debt forgiveness	-	6,399,049	-	6,399,049
Transfer in	-	-	544,868	544,868
Transfer out	-	(544,868)	-	(544,868)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>6,753,620</b>	<b>14,222,547</b>	<b>20,976,167</b>
Net change in fund balances	52,284	7,777,907	9,609,093	17,439,284
Fund balances (deficit), beginning of year	(11,775)	(5,830,834)	89,709	(5,752,900)
<b>Fund balances, end of year</b>	<b>\$ 40,509</b>	<b>\$1,947,073</b>	<b>\$ 9,698,802</b>	<b>\$ 11,686,384</b>

*The accompanying notes are an integral part of these financial statements.*

**Stoneybrook South Community Development District  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities**

<i>Year ended September 30,</i>	<b>2014</b>
Net change in fund balances - governmental funds	\$ 17,439,284
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Position.	4,125,383
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.	280,000
Amortization of deferred charge and gain on refunding and original issue discount is not recognized in the governmental fund statements but is recorded as a component of interest expense in the Statement of Activities.	20,073
The conveyance of capital assets is recorded as an expense in the government-wide statements, but not in the fund financial statements.	(1,382,186)
Revenue reported in the prior year Statement of Activities that was collected in the current year and recognized in the current year fund financial statements.	(11,775)
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	527,971
Bond proceeds and original issue discount, which are reported as other financing sources (uses) in the governmental funds, are recognized as long-term liabilities, net of discount, in the Statement of Net Position.	(14,577,118)
Debt forgiveness related to long term bonds is greater on the Statement of Activities than on the fund-level financial statements because the fund-level financial statements had only recorded debt amounts that were due and payable.	36,204,199
<b>Change in net position of governmental activities</b>	<b>\$ 42,625,831</b>

*The accompanying notes are an integral part of these financial statements.*

## Stoneybrook South Community Development District Notes to Financial Statements

### NOTE 1 – NATURE OF ORGANIZATION

The Stoneybrook South Community Development District (the “District”) was established on July 24, 2006 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Osceola County Ordinance #06-26. The Act provides, among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by landowners of the District. Certain Supervisors are currently affiliated with the Developer of the community, Len-CG South, LLC. The District is economically dependent on the Developer. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

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

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB) in statements No. 14 and No. 61. Based on the foregoing criteria, no potential component units were found.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

#### ***Government-wide and Fund Financial Statements***

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

## Stoneybrook South Community Development District Notes to Financial Statements

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2014, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

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

#### ***Measurement Focus, Basis of Accounting and Basis of Presentation***

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

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

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

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

## Stoneybrook South Community Development District Notes to Financial Statements

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major governmental funds:

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Fund – The Capital Projects Fund accounts for the financial resources to be used in the acquisition or construction of major infrastructure within the District financed with the Series 2013 and Series 2014 Bonds.

For the year ended September 30, 2014, the District does not report any proprietary funds.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

#### ***Cash, Deposits and Investments***

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

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

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others negotiable direct or indirect obligations which are secured by the United States Government; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

## Stoneybrook South Community Development District Notes to Financial Statements

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Capital Assets***

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

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

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### ***Estimates***

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

#### ***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

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

## Stoneybrook South Community Development District Notes to Financial Statements

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item, a deferred charge on refunding, which qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2014, the District has one item that qualifies for reporting in this category. A deferred gain on refunding results when the proceeds from refunding bonds are less than the bonds being refunded.

#### ***Fund Equity***

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

#### ***Budgets***

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

## Stoneybrook South Community Development District Notes to Financial Statements

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

### NOTE 3 – INVESTMENTS

All investments held at September 30, 2014 are reported at fair value, which approximates amortized cost.

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

<u>September 30,</u>	<u>2014</u>	<u>Credit Risk</u>	<u>Maturities</u>
Short-term Money Market Funds	\$ 11,645,875	S&P AAAm	14 days
<b>Total Investments</b>	<b>\$ 11,645,875</b>		

*Custodial credit risk* – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2014, the money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

*Concentration risk* – The District’s investment policy requires diversification, but does not specify limits on types of investments.

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



## Stoneybrook South Community Development District Notes to Financial Statements

### NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2014:

	Beginning Balance	Additions	Transfers and Conveyances	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated</i>				
Infrastructure under construction	\$ 36,787,135	\$ 4,125,383	\$ (1,382,186)	\$ 39,530,332
<b>Total capital assets, not being depreciated</b>	<b>36,787,135</b>	<b>4,125,383</b>	<b>(1,382,186)</b>	<b>39,530,332</b>
<b>Governmental activities capital assets</b>	<b>\$ 36,787,135</b>	<b>\$ 4,125,383</b>	<b>\$ (1,382,186)</b>	<b>\$ 39,530,332</b>

The total projected cost of the infrastructure improvements has been estimated at \$62 million, of which approximately \$40 million was funded with proceeds from Series 2007 bonds. It was anticipated that the District would issue additional Bonds to fund an additional \$19 million of improvements. During the year ended September 30, 2014, the District issued Special Assessment Bonds, Series 2014, in the amount of \$14,785,000 to fund the Assessment Area Two-A project. The Developer has agreed to fund the remaining portion of the project.

During the year ended September 30, 2014, the District conveyed approximately \$1.4 million of master utility related assets to Tohopekaliga Water Authority. Additional assets will be conveyed to other governmental entities upon completion.

The District believes any erosion or loss of value related to the infrastructure under construction is temporary in nature, thus, no permanent impairment charge has been recorded.

### NOTE 5 – BONDS PAYABLE

On July 6, 2007, the District issued \$48,470,000 of Special Assessment Revenue Bonds, Series 2007 consisting of \$9,220,000 Series 2007 A Bonds and \$39,250,000 of Series 2007 B Bonds with a fixed interest rate of 5.80% and 5.45%, respectively. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District.

On June 18, 2013, the District issued \$9,300,000 of Special Assessment Refunding Bonds, Series 2013 which were issued to refund \$3,825,000 of Series 2007A Bonds and \$6,175,000 of Series 2007B Bonds with a fixed interest rate of 5.50% and 6.5%, respectively. Interest is paid semiannually on each May 1 and November 1. Principal on the Series 2013 Bonds is paid serially commencing on May 1, 2014 through May 1, 2039.

## Stoneybrook South Community Development District Notes to Financial Statements

### NOTE 5 – BONDS PAYABLE (CONTINUED)

During the year ended September 30, 2014, principal payments totaling \$125,000 and a past due interest payment of \$992,670 were made on the Series 2007 Bonds. The remaining balance of the Series 2007A and Series 2007B Bonds, totaling \$4,805,000 and \$31,510,000, respectively, were canceled at the direction of the bondholders. In conjunction with the cancellation of the bonds, the bondholders forgave approximately \$6.4 million of Series 2007 debt service interest payments, which is reported as Debt forgiveness in the fund financial statements. The principal and interest forgiven totaled approximately \$42.6 million and is reported as “*Special item – debt forgiveness*” on the accompanying Statement of Activities.

In June 2014, the District issued \$14,785,000 of Special Assessment Bonds, Series 2014 consisting of \$2,775,000 2014 Term Bonds due on November 1, 2024 with a fixed interest rate of 4.75%, \$4,490,000 of 2014 Term Bonds due on November 1, 2034 with a fixed interest rate of 5.125%, and \$7,520,000 of 2014 Term Bonds due on November 1, 2044 with a fixed interest rate of 5.5%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District, specifically Assessment Area Two-A. Interest is paid semiannually on each May 1 and November 1. Principal on the Series 2014 Bonds is paid serially commencing on November 1, 2015 through November 1, 2035.

The Bond Indentures require that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirements as defined in the Indentures. The requirements have been met for the fiscal year ended September 30, 2014.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture at September 30, 2014.

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2007 A	\$ 4,890,000	\$ -	\$ (4,890,000)	\$ -	\$ -
Series 2007 B	31,550,000	-	(31,550,000)	-	-
Series 2013	9,300,000	-	(155,000)	9,145,000	165,000
Series 2014	-	14,785,000	-	14,785,000	-
	<u>\$ 45,740,000</u>	<u>\$ 14,785,000</u>	<u>\$(36,595,000)</u>	<u>\$ 23,930,000</u>	<u>\$ 165,000</u>

## Stoneybrook South Community Development District Notes to Financial Statements

### NOTE 5 – BONDS PAYABLE (CONTINUED)

The balance of the long-term bonds at September 30, 2014 is summarized as follows:

<i>September 30,</i>	<b>2014</b>
Bond principal balance	\$ 23,930,000
Less unamortized bond discount	(205,861)
<b>Net balance, Series 2013 and Series 2014 Bonds</b>	<b>\$ 23,724,139</b>

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

<i>Year Ending September 30,</i>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2015	\$ 165,000	\$ 1,260,276	\$ 1,425,276
2016	395,000	1,334,300	1,729,300
2017	420,000	1,313,869	1,733,869
2018	440,000	1,292,294	1,732,294
2019	460,000	1,269,694	1,729,694
2020-2024	2,690,000	5,967,038	8,657,038
2025-2029	3,500,000	5,154,425	8,654,425
2030-2034	4,660,000	4,004,859	8,664,859
2035-2039	6,215,000	2,448,609	8,663,609
2040-2044	4,040,000	838,750	4,878,750
2045	945,000	25,988	970,988
	<b>\$ 23,930,000</b>	<b>\$ 24,910,102</b>	<b>\$ 48,840,102</b>

### NOTE 6 – RISK MANAGEMENT

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

## Stoneybrook South Community Development District Notes to Financial Statements

### **NOTE 7 – MANAGEMENT COMPANY**

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

### **NOTE 8 – CONCENTRATION**

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations. At September 30, 2014, the Developer owned a majority of the assessable property located within the District boundaries.

During the year ended September 30, 2014, the Developer and a related entity were directly assessed \$516,398 and \$751,154 for operations and maintenance and debt service assessments, respectively. The Developer was also assessed \$119,719 and \$326,094 for operations and maintenance and debt service assessments, respectively, on the county tax roll. In addition, the Developer paid \$992,670 directly to the trustee for the purpose of paying certain past due interest payments on the Series 2007 Bonds.

### **NOTE 9 – INTERFUND TRANSFERS**

The District transferred funds totaling \$544,868 from the Debt Service Fund to the Capital Projects Fund in conjunction with the issuance of the Series 2014 Bonds and in accordance with the trust indenture.

### **NOTE 10 – ACQUISITION AGREEMENT**

During the current year the District agreed, in substantial form, to an acquisition agreement with the Developer. The acquisition agreement includes a promissory note for amounts necessary to complete the project that are in addition to the construction funds received relating to the issuance of the Series 2014 Bonds. The District Engineer estimated the construction costs of Assessment Area 2-A to be \$17,895,000 and the funds deposited in the construction account relating to the Series 2014 bond issue amount to \$13,822,005. At this time the final amount of the promissory note is not determinable as the project is not complete.



**Required Supplemental Information  
(Other Than MD&A)**

**Stoneybrook South Community Development District  
Budget to Actual Comparison Schedule – General Fund**

<i>Year ended September 30,</i>	<b>2014</b>		
	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Assessments	\$ 632,591	\$ 636,070	\$ 3,479
Developer contributions	-	11,775	11,775
Interest and other revenues	-	1,459	1,459
<b>Total revenues</b>	<b>632,591</b>	<b>649,304</b>	<b>16,713</b>
<b>Expenditures</b>			
General government	123,925	120,763	3,162
Maintenance and operations	508,666	476,257	32,409
<b>Total expenditures</b>	<b>632,591</b>	<b>597,020</b>	<b>35,571</b>
<b>Excess of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ 52,284</b>	<b>\$ 52,284</b>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
Stoneybrook South Community Development District  
Osceola County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Stoneybrook South Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 31, 2015.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

Miramar Beach, Florida  
March 31, 2015





**Carr, Riggs & Ingram, LLC**  
Certified Public Accountants  
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## **MANAGEMENT LETTER**

To the Board of Supervisors  
Stoneybrook South Community Development District  
Osceola County, Florida

### **Report on the Financial Statements**

We have audited the financial statements of Stoneybrook South Community Development District ("District") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 31, 2015.

### **Auditor's Responsibility**

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

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated March 31, 2015, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In response to prior year finding IC2010-1, the District took every available action to comply with the Trust Indenture, and during fiscal year 2014 remedied all instances of noncompliance.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

## **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes during the year ended September 30, 2014.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## **Annual Financial Report**

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

## **Other Matters**

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

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

## **Purpose of this Letter**

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

*Carri Riggs & Ingram, L.L.C.*

Miramar Beach, Florida  
March 31, 2015



**Carr, Riggs & Ingram, LLC**  
Certified Public Accountants  
500 Grand Boulevard  
Suite 210  
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## **INDEPENDENT ACCOUNTANT'S REPORT**

To the Board of Supervisors  
Stoneybrook South Community Development District  
Osceola County, Florida

We have examined Stoneybrook South Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

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

*Carr, Riggs & Ingram, L.L.C.*

Miramar Beach, Florida  
March 31, 2015