

**TWELVE OAKS SPECIAL DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT



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Center for Audit Quality

American Institute of
Certified Public Accountants

Florida Institute of Certified
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Twelve Oaks Special District
Tampa, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Twelve Oaks Special District, as of and for the year ended September 30, 2014, 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.

Auditor's 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 Twelve Oaks Special District, as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

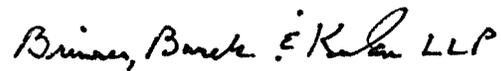
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8, and the budgetary comparison information on pages 24-25 be presented to supplement the basic financial statements. Such information, although not a part of the 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 April 3, 2015 on our consideration of the Twelve Oaks Special District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading 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. 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 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 Twelve Oaks Special District's internal control over financial reporting and compliance.

In accordance with the *Rules of the Florida Auditor General*, we have also issued our management letter dated April 3, 2015.

BRIMMER, BUREK & KEELAN LLP

Handwritten signature in cursive script that reads "Brimmer, Burek & Keelan LLP".

Certified Public Accountants

April 3, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

Twelve Oaks Special District
For Year Ended September 30, 2014
Management's Discussion and Analysis

As management of Twelve Oaks Special Tax District (TOSD), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2014.

FINANCIAL HIGHLIGHTS

- The government-wide total net position decreased by \$9,457 from \$249,761 in 2013 to \$240,304 in 2014.
- The government-wide total assets of the TOSD exceeded its liabilities at the close of the most recent fiscal year by \$240,304 (net position). Of this amount, \$182,056 (unrestricted net position) may be used to meet ongoing obligations in accordance with the District's fiscal policies. The remainder is invested in fixed assets.
- As of the close of the current fiscal year, TOSD's governmental funds reported ending fund balances of \$182,056, an increase of \$3,545 in comparison with the prior year. Of this amount, \$3,094 has been assigned and the remainder is available for spending at the government's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of TOSD in a manner similar to a private-sector business.

The statement of net position presents information on all of TOSD's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TOSD is improving or deteriorating.

The government-wide financial statements of the TOSD are principally supported by taxes.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Governmental fund financial statements - 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 on balances of spendable resources available at the end of the fiscal 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 government's near term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Twelve Oaks Special District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The general fund is considered to be the only major fund.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT – WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the TOSD, assets exceeded liabilities by \$240,304 at the close of the most recent fiscal year.

Approximately one-fourth of TOSD's net position (24%) reflect its investment in capital assets (e.g. walls, entrances, traffic calming project and iron fence) net of depreciation; less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens and maintain property; consequently, these assets are not available for future spending.

Key components of the District's net position are reflected in the following table:

Net Position
September 30,

	Governmental Activities	
	2014	2013
Assets, excluding capital assets	\$ 191,254	\$ 187,484
Capital assets, net of depreciation	58,248	71,250
Total assets	249,502	258,734
Liabilities, excluding long-term liabilities	9,198	8,973
Long-term liabilities	-	-
Total liabilities	9,198	8,973
Net position		
Invested in capital assets, net of related debt	58,248	71,250
Unrestricted	182,056	178,511
Total net position	\$ 240,304	\$ 249,761

Governmental activities decreased TOSD's net position by \$9,457 compared to a \$593 decrease in the prior year. Revenues of \$116,696 remained consistent with the prior year while expenses increased by approximately \$9,304. The major component of the change was the increase of approximately \$9,000 in maintenance and repair expenses. Approximately 99% of revenues in both years were derived from non-ad valorem tax assessments. Total expenses of \$126,153 consisted of \$12,250 administration, \$32,720 security and \$81,183 maintenance and repairs.

Key elements of the Statement of Activities are reflected in the following table:

Statement of Activities
For the Fiscal Year Ended September 30,

	Governmental Activities	
	2014	2013
Revenues:		
General revenues		
Special assessments	\$ 115,450	\$ 115,264
Investment earnings	158	205
Other	1,088	787
Total revenues	<u>116,696</u>	<u>116,256</u>
Expenses:		
Administration	12,250	11,314
Security services	32,720	32,738
Facilities maintenance	81,183	72,797
Total expenses	<u>126,153</u>	<u>116,849</u>
Change in net position	(9,457)	(593)
Net position, beginning of year	249,761	250,354
Net position, end of year	<u>\$ 240,304</u>	<u>\$ 249,761</u>

GENERAL FUND BUDGET HIGHLIGHTS

The original budget was amended during the year provide for additional expenditures in certain line items.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

Governmental funds - The focus of the Twelve Oaks Special District's governmental fund is to provide information on near term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the governmental fund reported combined ending fund balance of \$182,056 an increase of \$3,545 in comparison with the prior year. All of the fund balance amount is available for spending at the government's discretion. However, the District has tentatively assigned \$3,094 to be used for the purpose of offering rewards related to possible criminal activities in the geographic area. However, the amount does not represent a formal or legal obligation to pay such amounts. The General fund is the chief operating fund of TOSD.

CAPITAL ASSETS

The Twelve Oaks Special District's investment in capital assets as of September 30, 2014, amounts to \$58,248 (net of accumulated depreciation). The investment in capital assets includes walls, entrances, traffic calming project and iron fence. The decrease of \$13,002 from the previous year was due to depreciation recognized on the capital assets.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the fiscal year 2014-15 budget, gross revenues are budgeted to remain the same as the 2013-14 budget, with special assessment taxes comprising 100% of budgeted revenues.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens and creditors with a general overview of the District's finances. Requests for additional information should be directed to:

Deborah Presnell, Treasurer
Twelve Oaks Special District
Post Office Box 260352
Tampa, Florida 33635-0352

BASIC FINANCIAL STATEMENTS

**TWELVE OAKS SPECIAL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 191,254
Capital assets	
Land	-
Other capital assets, net of depreciation	58,248
Total capital assets	<u>58,248</u>
Total assets	<u>249,502</u>
LIABILITIES	
Accounts payable and accrued expenses	9,198
Total liabilities	<u>9,198</u>
NET POSITION	
Invested in capital assets, net of related debt	58,248
Unrestricted	182,056
Total net position	<u><u>\$ 240,304</u></u>

**TWELVE OAKS SPECIAL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Total	Functions/Programs:		
		Administration	Security Services	Facilities Maintenance
Expenses:				
Materials and supplies	\$ 2,079	\$ 2,079	\$ -	\$ -
Maintenance & repairs	63,404	-	-	63,404
Other program expenses	47,668	10,171	32,720	4,777
Depreciation	13,002	-	-	13,002
Total expenses	<u>126,153</u>	<u>12,250</u>	<u>32,720</u>	<u>81,183</u>
Program revenues:				
Net program expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>126,153</u>	<u>12,250</u>	<u>32,720</u>	<u>81,183</u>
General revenues:				
Taxes:				
Real estate	115,450			
Unrestricted investment earnings	158			
Miscellaneous	1,088			
Total general revenues	<u>116,696</u>			
Change in net position	(9,457)			
Net position - beginning of year	249,761			
Net position - end of year	<u>\$ 240,304</u>			

**TWELVE OAKS SPECIAL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 191,254	\$ 191,254
Total Assets	\$ 191,254	\$ 191,254
LIABILITIES		
Accounts payable	\$ 9,198	\$ 9,198
Total Liabilities	9,198	9,198
FUND BALANCES		
Assigned fund balance	3,094	3,094
Unassigned fund balance	178,962	178,962
Total fund balances	182,056	182,056
Total liabilities and fund balance	\$ 191,254	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$371,313

58,248

Total net position of governmental activities

\$ 240,304

**TWELVE OAKS SPECIAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	General Fund	Total Governmental Funds
REVENUES:		
Interest earnings	\$ 158	\$ 158
Special assessments	115,450	115,450
Other miscellaneous revenue	1,088	1,088
Total Revenues	116,696	116,696
EXPENDITURES:		
Current:		
Culture and recreation		
Other services and charges:		
Professional services	6,000	6,000
Contractual services	32,720	32,720
Utilities	4,777	4,777
Rents and leases	480	480
Insurance	304	304
Repairs and maintenance	63,404	63,404
Other charges	1,278	1,278
Office supplies	802	802
Property appraiser & tax collector commissions	3,386	3,386
Total other services and charges	113,151	113,151
Total culture and recreation	113,151	113,151
Capital outlay	-	-
Debt Service	-	-
Total expenditures	113,151	113,151
Excess (Deficiency) of revenues over (under) expenditures	3,545	3,545
OTHER FINANCING SOURCES (USES):	-	-
Net change in fund balances	3,545	3,545
Fund balances - October 1	178,511	178,511
Fund balances - September 30	\$ 182,056	\$ 182,056

**TWELVE OAKS SPECIAL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Reconciliation of the change in fund balances - total governmental funds to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds	\$	3,545
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 and reported as depreciation expense:

Capital asset purchases capitalized	\$	-	
Depreciation expense		(13,002)	
Net adjustment		(13,002)	(13,002)

Change in net position of governmental activities	\$	(9,457)
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**TWELVE OAKS SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Twelve Oaks Special District (“District”) conform to generally accepted accounting principles (GAAP) as applicable to governments. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

The Twelve Oaks Special District is an independent special district of the State of Florida, created by Chapter 82-305, Laws of Florida, 1982, as amended and superseded. The District was organized for the purpose of continued development, administration, and maintenance of properties for the unincorporated areas of Hillsborough County known as 1) Town n’ Country Park and 2) Twelve Oaks Village. The governing body of Twelve Oaks Special District is a Board comprised of nine trustees elected for two-year terms by the qualified voters residing in Twelve Oaks Subdivision.

For financial reporting purposes, the District is required to include all entities and organizations that are controlled by or dependent upon the District as determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to influence operations, and accountability for fiscal matters. Under the provisions of GASB Statement No. 14, 39, and 61, the District does not include any other component units.

B. Basis of Presentation

Government-Wide Financial Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as governmental activities. None of the District activities has been classified as business activities. The governmental activities include general administration, security services and maintenance of common areas.

**TWELVE OAKS SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the government-wide Statement of Net Position, governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net assets (if applicable); and unrestricted net assets. The District policy first utilizes restricted resources, if any, to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property assessments, charges and miscellaneous). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues, if any, must be directly associated with the function. The District does not allocate indirect costs.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

The funds maintained by Twelve Oaks Special District are described below:

Governmental Funds

General Fund - The General Fund is the operating fund of the District, and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund. General operating expenditures, debt service and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Fund – This fund is used when applicable to account for resources restricted for the acquisition or construction of major capital facilities such as land, parks and buildings. The District is not presently using a Capital Projects Fund.

**TWELVE OAKS SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

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 or economic asset is used, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor 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. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures, including capital outlay, are recorded when the related fund liability is incurred.

D. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash and short-term investments with maturities of three months or less. They consist of petty cash, checking and money market accounts held at a qualifying public depository bank.

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. The District has capitalized all major infrastructure assets such as privacy walls, lighting, signs and roadway speed control improvements.

**TWELVE OAKS SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Statements

In the government-wide financial statements, fixed assets, including capitalized interest cost are accounted for as capital assets, and substantially all of the assets are valued at historical cost. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Privacy walls	25 years
Entrance signs & traffic calming	20 years
Equipment	5 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition and no depreciation is recognized.

Long-term debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. The District presently has no long-term debt.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest are reported as expenditures.

Compensated Absences

The District presently has no employees who would be eligible for vacation, sick pay or post employment other benefits.

**TWELVE OAKS SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Chapter 418, Laws of Florida, provides that the Board of Trustees shall, on or before August 1 of each year, by resolution fix the amount of assessment for the next ensuing year, and shall direct the property appraiser of Hillsborough County to assess and the tax collector of Hillsborough County to collect such tax as assessed upon each improved residential parcel of property within the District. By referendum, the tax assessed shall not exceed \$300 per annum per residential parcel except upon approval by referendum of qualified voters of the District. The assessment is required to be collected in the manner and form as provided for collection of county taxes.

All property taxes become due and payable on November 1 of each year with an enforceable lien date of January 1, and are delinquent on April 1 of the following year. Discounts are allowed for early payment of 4, 3, 2, and 1% in November through February, respectively. Delinquent taxes on real property may be paid after the date of delinquency but prior to the sale of a tax certificate by paying all taxes, costs, advertising charges, and interest. For all real property with delinquent taxes, the tax collector advertises as required by statute and sells tax certificates. All unsold certificates are issued to the County. Any persons owning real property upon which a tax certificate has been sold may redeem the property by paying the tax collector the face amount of the tax certificate plus interest and costs associated with the sale of the certificate.

After taxes have been delinquent (April 1) for 2 years, the owner of a tax certificate may file an application for tax deed sale. The County is able to do the same two years after taxes were due (November 1). All taxes imposed on any property become a first lien; superior to all other liens, as of January 1 of the year the taxes are levied.

Pursuant to Section 197.3632, Florida Statutes, a fee is to be paid to the county tax collector and the county property appraiser for their services regarding the special assessments.

Total assessments on the 2013 Tax Roll are accounted for as follows:

Total assessments (994 units @ \$120)	\$ 119,280
Less: uncollected assessments	-
Less: discounts	(3,953)
	115,327
Plus late payment interest	123
	\$ 115,450

**TWELVE OAKS SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications

Government-Wide Statements

Equity is required to be classified as net position and displayed in one or more of three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or by law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. The District has reported fund equity under GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Non-spendable – Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the District enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, amounts that cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

**TWELVE OAKS SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned – Amounts a government intends to use for a specific purpose expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District policy considers the most highly restricted resources to be spent first, if any, to finance qualifying expenditures.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions, the actual results may ultimately differ from those estimates, and the differences may be material.

NOTE 2 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements:

A. Cash and Cash Equivalents

The District's bank accounts are entirely covered by federal depository insurance or by collateral held by the State Treasurer under the provision of Chapter 280, Florida Statutes. The District policy is to follow Section 218.345, Florida Statutes, which restricts and provides various alternatives for the investment of District Funds.

**TWELVE OAKS SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

B. Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

<u>Description</u>	<u>Balance October 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2014</u>
Governmental Activities:				
Infrastructure assets	\$ 429,561	\$ -	\$ -	\$ 429,561
Less accumulated depreciation Infrastructure assets	<u>(358,311)</u>	<u>(13,002)</u>	<u>-</u>	<u>(371,313)</u>
Capital assets, net	<u>\$ 71,250</u>	<u>\$ (13,002)</u>	<u>\$ -</u>	<u>\$ 58,248</u>

Depreciation expense was charged to function/programs of the governmental activities as follows:

Governmental activities:

General government	\$ -
Security services	-
Property maintenance	13,002
Total depreciation, governmental activities	<u>\$ 13,002</u>

C. Accounts Payable and Accrued Expenses

Payables in the general fund are composed of the following:

Payables to vendors	\$ 3,198
Accrued professional fees	6,000
	<u>\$ 9,198</u>

**TWELVE OAKS SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 3 – OTHER NOTES

A. 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 obtains bonding coverage of acts performed by the trustees. All other risks are self-insured by the District, have historically not been significant, and have been funded through current operating activities.

B. Commitments and Contingencies

The District is committed under a cancelable one-year grounds maintenance contract commencing on February 28, 2013 and renewed to September 30, 2014 with monthly payments of approximately \$2,798. Maintenance expense incurred under this contract for the year ended September 30, 2014 amounted to approximately \$33,576. In addition, the District is committed under a one-year lake and pond management contract requiring monthly payments of \$500; and under an agreement for street sweeping with quarterly payments of \$1,250.

C. Assignment of Fund Balance

The District has classified \$3,094 of its fund balance as assigned to be set aside for the purpose of offering rewards related to any criminal activities that might occur within the District. The amount does not represent a formal or legal obligation to pay such amounts.

D. New Accounting Pronouncements

During fiscal year 2014, the District implemented three new accounting standards as follows:

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*

This statement amends Statements No. 10 by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type and requires governments to base their decisions on the nature of the activity to be reported as required by Statements 54 and 34. This statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a Straight-line basis, (2) the difference between initial investment and the principal amount of purchased loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate.

**TWELVE OAKS SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 3 – OTHER NOTES (Continued)

D. New Accounting Pronouncements (Continued)

GASB Statement No. 67, *Financial Reporting of Pension Plans – an amendment of GASB Statement No. 25*

This Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities.

None of the new pronouncements are expected to have a significant financial effect on the District.

E. Subsequent Events

Management has evaluated significant events or transactions subsequent to the end of the year for potential recognition or disclosure up to April 3, 2015, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**TWELVE OAKS SPECIAL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest earnings	\$ -	\$ -	\$ 158	\$ 158
Special assessments	119,280	119,280	115,450	(3,830)
Other miscellaneous revenue	-	-	1,088	1,088
Total Revenues	<u>119,280</u>	<u>119,280</u>	<u>116,696</u>	<u>(2,584)</u>
EXPENDITURES:				
Current:				
Culture and recreation				
Other services and charges:				
Professional services	6,000	6,000	6,000	-
Contractual services	36,720	36,720	32,720	4,000
Utilities	5,441	5,441	4,777	664
Rents and leases	500	500	480	20
Insurance	400	400	304	96
Repairs and maintenance	63,294	63,294	63,404	(110)
Other charges	2,175	2,175	1,278	897
Office supplies	750	750	802	(52)
Property appraiser & tax collector commissions	4,000	4,000	3,386	614
Undesignated expenditures	-	-	-	-
Total other services and charges	<u>119,280</u>	<u>119,280</u>	<u>113,151</u>	<u>6,129</u>
Total culture and recreation	<u>119,280</u>	<u>119,280</u>	<u>113,151</u>	<u>6,129</u>
Capital outlay	-	-	-	-
Debt Service	-	-	-	-
Total expenditures	<u>119,280</u>	<u>119,280</u>	<u>113,151</u>	<u>6,129</u>
Excess (Deficiency) of revenues over (under) expenditures	-	-	3,545	3,545
OTHER FINANCING SOURCES (USES)				
OTHER FINANCING SOURCES (USES)	-	-	-	-
Excess (Deficiency) of revenues over (under) expenditures and Other Financing Sources	-	-	3,545	3,545
 Fund balances - October 1	 178,511	 178,511	 178,511	 -
Fund balances - September 30	<u>\$ 178,511</u>	<u>\$ 178,511</u>	<u>\$ 182,056</u>	<u>\$ 3,545</u>

**TWELVE OAKS SPECIAL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2014**

NOTE 1 - BUDGETARY ACCOUNTING

Section 7 of Chapter 99-418, Laws of Florida, the special act of the Florida Legislature which governs the District, provides for advertising, public hearing, and adoption of an itemized budget on or before July 1 of each year. The act also gives the trustees the power to transfer funds between line items of the budget, after adoption, up to a maximum of 20% by majority vote of the trustees to meet unforeseen contingencies.

The budget is adopted on the modified accrual basis of accounting. All District activity is budgeted within the general fund.

Formal integration of budgetary accounts into the general ledger is not employed.

The primary differences between District budgeting and GAAP relates to the treatment of capital assets and depreciation. For the current year, the difference related to depreciation expense of \$13,002 not recognized for budget purposes.

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*



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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

Members of:
Center for Audit Quality

American Institute of
Certified Public Accountants

Florida Institute of Certified
Public Accountants

Board of Trustees
Twelve Oaks Special District
Tampa, 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 Twelve Oaks Special District as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Twelve Oaks Special District's basic financial statements and have issued our report thereon dated April 3, 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 an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Twelve Oaks Special 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*, or a combination of deficiencies, in internal control 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 those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Twelve Oaks Special 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*.

We noted certain matters that we reported to management of the District in a separate management letter dated April 3, 2015.

Purpose of this Report

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

BRIMMER, BUREK & KEELAN LLP

Brimmer, Burek & Keelan LLP

Certified Public Accountants

April 3, 2015

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**



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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Board of Trustees
Twelve Oaks Special District
Tampa, Florida

Members of:
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Public Accountants

We have examined the Twelve Oaks Special District's (the "District") compliance with the requirement 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.

BRIMMER, BUREK & KEELAN LLP

Certified Public Accountants

April 3, 2015

MANAGEMENT LETTER



Brimmer, Burek & Keelan LLP

Certified Public Accountants

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MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Board of Trustees
Twelve Oaks Special District
Tampa, Florida

■

Members of:
Center for Audit Quality

American Institute of
Certified Public Accountants

Florida Institute of Certified
Public Accountants

Report on the Financial Statements

We have audited the financial statements of the Twelve Oaks Special District, whose headquarters is located in Tampa, Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 3, 2015.

Auditor's Responsibility

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; 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 Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards* and Chapter 10.550 Rules of the Florida Auditor General. Disclosures in those reports should be considered in conjunction with this management letter.

Prior Audit Findings

The Rules of the Auditor General require 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 connection with our audit, we did not have any such findings.

Official Title and Legal Authority

The Rules of the Auditor General require 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. Such information has been disclosed in the notes to the financial statements.

Financial Condition

The Rules of the Auditor General require 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 Twelve Oaks Special District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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 Twelve Oaks Special District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our procedures did not indicate that the District is in a state of financial emergency.

Annual Financial Report

Rules of the Auditor General require that we determine whether the annual financial report for Twelve Oaks Special 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 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

The Rules of the Auditor General require 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.

The Rules of the Auditor General require 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.

BRIMMER, BUREK & KEELAN LLP

Brimmer, Burek & Keelan LLP

Certified Public Accountants

April 3, 2015