

**GOLDEN LAKES
COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Golden Lakes Community Development District
Polk County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Golden Lakes Community Development District, Polk County, Florida (the "District") as of and for the fiscal year ended September 30, 2018 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.

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, the business-type activities and each major fund of the District as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance 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 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 September 13, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 effectiveness of the District's 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated September 13, 2019, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



September 13, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Golden Lakes Community Development District, Polk County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the fiscal year ended September 30, 2018 resulting in a net position of \$3,467,777.
- The change in the District's total net position in comparison with the prior fiscal year was (\$630,323), a decrease. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2018, the District's governmental funds reported combined ending fund balances of \$1,014,428, a decrease of (\$71,927) in comparison with the prior fiscal year. The total fund balance is non-spendable for prepaid items and deposits, committed to golf course maintenance and operations, and assigned to reserves.
- The District's enterprise fund reported a deficit net position of (\$474,286) at the end of the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

1) Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues and user charges. The governmental activities of the District include the general government (management) and maintenance functions. The business-type activities include the golf course.

2) Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

2) Fund Financial Statements (Continued)

Governmental Funds

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 District's near-term financing requirements.

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

The District maintains one governmental fund for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Proprietary Funds

The District maintains one type of proprietary fund, enterprise fund. An enterprise fund is used to report the same function presented as business-type activities in the government-wide financial statements. The District maintains one enterprise fund. The District uses the golf course fund to account for the operations of the golf course, pro-shop and restaurant within the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

3) 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 an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year.

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

	NET POSITION SEPTEMBER 30,					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 1,053,921	\$ 1,153,348	\$ 809,713	\$ 1,558,769	\$ 1,863,634	\$ 2,712,117
Capital assets, net of depreciation	2,927,635	3,268,148	3,023,476	2,677,197	5,951,111	5,945,345
Total assets	3,981,556	4,421,496	3,833,189	4,235,966	7,814,745	8,657,462
Current liabilities	39,493	66,993	293,411	542,105	332,904	609,098
Long-term liabilities	-	-	4,014,064	3,950,264	4,014,064	3,950,264
Total liabilities	39,493	66,993	4,307,475	4,492,369	4,346,968	4,559,362
Net position						
Net investment in capital assets	2,927,635	3,268,148	(928,779)	(1,348,067)	1,998,856	1,920,081
Restricted	-	-	51,623	486,866	51,623	486,866
Unrestricted	1,014,428	1,086,355	402,870	604,798	1,417,298	1,691,153
Total net position	\$ 3,942,063	\$ 4,354,503	\$ (474,286)	\$ (256,403)	\$ 3,467,777	\$ 4,098,100

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position decreased during the most recent fiscal year. The majority of the decrease represents the extent to which the cost of operations and depreciation expense exceeded ongoing program revenues.

Key elements of the change in net position are reflected in the following table:

	CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues						
Charges for services	\$ 728,044	\$ 668,342	\$ 3,150,248	\$ 1,245,897	\$ 3,878,292	\$ 1,914,239
General revenues						
Unrestricted investment earnings	9,319	8,781	748	676	10,067	9,457
Miscellaneous income	-	62	131,424	501,960	131,424	502,022
Total revenues	737,363	677,185	3,282,420	1,748,533	4,019,783	2,425,718
Expenses:						
General government	264,017	157,727	-	-	264,017	157,727
Maintenance and operations	885,786	888,145	-	-	885,786	888,145
Golf course	-	-	3,324,795	1,476,957	3,324,795	1,476,957
Bond issue costs	-	-	-	466,208	-	466,208
Interest	-	-	175,508	86,957	175,508	86,957
Total expenses	1,149,803	1,045,872	3,500,303	2,030,122	4,650,106	3,075,994
Transfers	-	6,842	-	(6,842)	-	-
Special item	-	-	-	32,028	-	32,028
Change in net position	(412,440)	(361,845)	(217,883)	(256,403)	(630,323)	(618,248)
Net position - beginning	4,354,503	4,716,348	(256,403)	-	4,098,100	4,716,348
Net position - ending	\$ 3,942,063	\$ 4,354,503	\$ (474,286)	\$ (256,403)	\$ 3,467,777	\$ 4,098,100

Governmental activities

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2018 was \$1,149,803. The costs of the District's activities were primarily funded by program revenues. Program revenues increased from prior year due primarily to an increase in assessments. In total, expenses increased from the prior fiscal year, the majority of the increase was the result of an increase in professional services, including legal fees, and operating expenses.

Business-type activities

Business-type activities reflect the operations of the golf course of the District, which includes a pro-shop and restaurant. The cost of operations is primarily covered by charges to customers. This is the first full year of operations of the golf course contributing to increases in both revenues and expenses.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2018 was amended increase appropriations and use of fund balance by \$129,000.

Actual general fund expenditures for the fiscal year ended September 30, 2018 did not exceed appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2018, the District had \$12,241,625 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$9,313,990 has been taken, which resulted in a net book value of \$2,927,635. The District's business-type activities reported net capital assets of \$3,023,476. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2018, the District had \$4,010,000 Bonds outstanding for its business-type activities. The District also had \$61,809 in capital lease payable for its business-type activities at September 30, 2018. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, landowners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Golden Lakes Community Development District's Finance Department at 210 N. University Drive, Suite 702, Coral Springs, Florida 33071.

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash	\$ 479,251	\$ 272,993	\$ 752,244
Investments	662,039	-	662,039
Assessments receivable	1,820	-	1,820
Accounts receivable, net	22,200	139,594	161,794
Inventories	-	97,158	97,158
Prepays and deposits	16,043	46,565	62,608
Internal balances	(127,432)	127,432	-
Restricted assets:			
Investments	-	123,291	123,291
Cash	-	2,680	2,680
Capital assets:			
Nondepreciable	2,050,912	2,500,000	4,550,912
Depreciable, net	876,723	523,476	1,400,199
Total assets	<u>3,981,556</u>	<u>3,833,189</u>	<u>7,814,745</u>
LIABILITIES			
Accounts payable	39,493	143,647	183,140
Accrued interest payable	-	71,668	71,668
Customer deposits payable from restricted assets	-	2,680	2,680
Unearned revenue	-	75,416	75,416
Non-current liabilities:			
Due within one year	-	93,934	93,934
Due in more than one year	-	3,920,130	3,920,130
Total liabilities	<u>39,493</u>	<u>4,307,475</u>	<u>4,346,968</u>
NET POSITION			
Net investment in capital assets	2,927,635	(928,779)	1,998,856
Restricted for debt service	-	51,623	51,623
Unrestricted	1,014,428	402,870	1,417,298
Total net position	<u>\$ 3,942,063</u>	<u>\$ (474,286)</u>	<u>\$ 3,467,777</u>

See notes to the financial statements

GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Program Revenues		Net (Expense) Revenue and	
	Expenses	Charges for Services	Changes in Net Position	Total
<u>Primary government:</u>				
<u>Governmental activities:</u>				
General government	\$ 264,017	\$ 264,017	\$ -	\$ -
Maintenance and operations	885,786	464,027	(421,759)	(421,759)
Total governmental activities	1,149,803	728,044	(421,759)	(421,759)
<u>Business-type activities:</u>				
Golf course	3,324,795	3,150,248	-	(174,547)
Interest on long-term debt	175,508	-	-	(175,508)
Total business-type activities	3,500,303	3,150,248	-	(350,055)
General revenues:				
Unrestricted investment earnings		9,319	748	10,067
Miscellaneous		-	131,424	131,424
Total general revenues		9,319	132,172	141,491
Change in net position		(412,440)	(217,883)	(630,323)
Net position - beginning		4,354,503	(256,403)	4,098,100
Net position - ending		\$ 3,942,063	\$ (474,286)	\$ 3,467,777

See notes to the financial statements

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	<u>Major Fund</u>	<u>Total</u>
	General	Governmental Funds
ASSETS		
Cash	\$ 479,251	\$ 479,251
Investments	662,039	662,039
Assessments receivable	1,820	1,820
Accounts receivable, net of allowance	22,200	22,200
Prepaid Expenses	8,088	8,088
Deposits	7,955	7,955
Total assets	<u>\$ 1,181,353</u>	<u>\$ 1,181,353</u>
LIABILITIES		
Accounts payable	\$ 39,493	\$ 39,493
Due to other funds	127,432	127,432
Total liabilities	<u>166,925</u>	<u>166,925</u>
FUND BALANCES		
Nonspendable:		
Prepays and deposits	16,043	16,043
Committed to:		
Golf course maintenance and operations	10,900	10,900
Assigned to:		
Operating reserve	63,646	63,646
Drainage	50,000	50,000
Roadways	604,344	604,344
Roof	20,025	20,025
Sidewalks	25,000	25,000
Streetlights	25,000	25,000
Renewal and replacement	168,120	168,120
Unassigned	31,350	31,350
Total fund balances	<u>1,014,428</u>	<u>1,014,428</u>
Total liabilities and fund balances	<u>\$ 1,181,353</u>	<u>\$ 1,181,353</u>

See notes to the financial statements

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Total fund balances - governmental funds	\$ 1,014,428
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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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	12,241,625	
Accumulated depreciation	(9,313,990)	2,927,635
Net position of governmental activities		\$ 3,942,063

See notes to the financial statements

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Major Funds</u>	<u>Total Governmental Funds</u>
	General	
REVENUES		
Assessments	\$ 728,044	\$ 728,044
Interest earnings	9,319	9,319
Total revenues	<u>737,363</u>	<u>737,363</u>
EXPENDITURES		
Current:		
General government	264,017	264,017
Maintenance and operations	545,273	545,273
Total expenditures	<u>809,290</u>	<u>809,290</u>
Excess (deficiency) of revenues over (under) expenditures	(71,927)	(71,927)
Fund balances - beginning	<u>1,086,355</u>	<u>1,086,355</u>
Fund balances - ending	<u>\$ 1,014,428</u>	<u>\$ 1,014,428</u>

See notes to the financial statements

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
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, 2018**

Net change in fund balances - total governmental funds	\$ (71,927)
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Amounts reported for governmental activities in the statement of activities
are different because:

Depreciation on capital assets is not recognized in the
governmental fund financial statements but is reported as an
expense in the statement of activities.

(340,513)

Change in net position of governmental activities

\$ (412,440)

See notes to the financial statements

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2018**

	Business-type Activities - Enterprise Fund	
	Golf Course	Total
ASSETS		
Current assets:		
Cash and equivalents	\$ 272,993	\$ 272,993
Accounts receivable, net	139,594	139,594
Due from other funds	127,432	127,432
Restricted assets:		
Cash	2,680	2,680
Investments	123,291	123,291
Inventories	97,158	97,158
Prepays and deposits	46,565	46,565
Total current assets	809,713	809,713
Noncurrent assets:		
Capital assets:		
Golf course	2,500,000	2,500,000
Improvements other than buildings	23,320	23,320
Buildings and improvements	183,921	183,921
Furniture and fixtures	60,195	60,195
Equipment	317,116	317,116
Less accumulated depreciation	(61,076)	(61,076)
Total capital assets (net of depreciation)	3,023,476	3,023,476
Total noncurrent assets	3,023,476	3,023,476
Total assets	3,833,189	3,833,189
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	143,647	143,647
Unearned revenue	75,416	75,416
Payable from restricted assets:		
Accrued interest payable	71,668	71,668
Customer deposits payable	2,680	2,680
Capital leases payable	18,934	18,934
Bonds payable	75,000	75,000
Total current liabilities	387,345	387,345
Noncurrent liabilities		
Capital leases payable	42,875	42,875
Bonds payable	3,877,255	3,877,255
Total noncurrent liabilities	3,920,130	3,920,130
Total liabilities	4,307,475	4,307,475
NET POSITION		
Net investment in capital assets	(928,779)	(928,779)
Restricted for debt service	51,623	51,623
Unrestricted	402,870	402,870
Total net position	\$ (474,286)	\$ (474,286)

See notes to the financial statements

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Business-type Activities - Enterprise	
	Golf Course	Total
Operating revenues:		
Charges for services:		
Golf Course	\$ 1,628,633	\$ 1,628,633
Pro Shop	144,006	144,006
Restaurant and concessions	1,119,427	1,119,427
Total operating revenues	<u>2,892,066</u>	<u>2,892,066</u>
Operating expenses:		
Golf Course	298,384	298,384
Pro Shop	88,097	88,097
Restaurant and concessions	1,148,298	1,148,298
Administrative and other	1,739,459	1,739,459
Depreciation	50,557	50,557
Total operating expenses	<u>3,324,795</u>	<u>3,324,795</u>
Operating income (loss)	<u>(432,729)</u>	<u>(432,729)</u>
Nonoperating revenues (expenses):		
Assessments	258,182	258,182
Insurance proceeds	126,424	126,424
Miscellaneous	5,000	5,000
Interest income	748	748
Interest expense	(175,508)	(175,508)
Total nonoperating revenues (expenses)	<u>214,846</u>	<u>214,846</u>
Change in net position	(217,883)	(217,883)
Net position - beginning	<u>(256,403)</u>	<u>(256,403)</u>
Net position - ending	<u>\$ (474,286)</u>	<u>\$ (474,286)</u>

See notes to the financial statements

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Golf Course</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,423,440
Payments to suppliers of goods and services	(3,482,096)
Receipts of assessments	258,182
Receipts of insurance proceeds	126,424
Net cash provided (used) by operating activities	<u>325,950</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due from/to other funds	2,920
Net cash provided (used) by noncapital financing activities	<u>2,920</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Trade-in value of assets	5,000
Purchase of capital assets	(394,845)
Proceeds from the issuance of long term debt	78,292
Principal paid on bonds and capital lease	(91,483)
Interest paid on bonds and capital lease	(175,508)
Net cash provided (used) by financing activities	<u>(578,544)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	435,243
Interest earnings	748
Net cash provided (used) by investing activities	<u>435,991</u>
 Net increase (decrease) in cash and cash equivalents	 186,317
Cash and cash equivalents - October 1	<u>89,356</u>
Cash and cash equivalents - September 30	<u><u>\$ 275,673</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (432,729)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	50,557
(Increase) decrease in accounts receivables	550,798
(Increase) decrease in inventories	(19,598)
(Increase) decrease in prepaid items	(33,990)
Increase (decrease) in accounts payable	(154,270)
Increase (decrease) in unearned revenue	(20,892)
Increase (decrease) in customer deposits	1,468
Assessment revenues	258,182
Insurance proceeds	126,424
Total adjustments	<u>758,679</u>
Net cash provided (used) by operating activities	<u><u>\$ 325,950</u></u>

See notes to the financial statements

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Golden Lakes Community Development District ("District") was created on September 21, 1992, by Ordinance 92-29 of Polk County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. 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 purposes 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 the Board of Supervisors ("Board") which is composed of five members. The Supervisors are elected by qualified electors whose primary residence is within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

1. Assessing 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.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB"). Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services) and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and enterprise fund 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 related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

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 1st and ends on September 30th. 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 considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental fund:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The District reports the following major proprietary fund:

Golf Course Fund

This enterprise fund is used to account for the operations of the golf course and related amenities that are to be financed and operated in a manner similar to private business enterprises. The costs of providing services to customers are to be recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The District has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Inventories and Prepaid Items

Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets (Continued)

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Infrastructure	15-50
Equipment	5-20
Furniture and Fixtures	10-20
Improvements other than buildings	5

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.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned.

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 ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

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 reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

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) Public hearings are conducted to obtain public 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) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances including certificates of deposit as shown below were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District's investments were held as follows at September 30, 2018:

	Amortized Cost	Credit Risk	Maturities
BankUnited Certificate of Deposit	\$ 150,194	Not applicable	6/4/2019
BankUnited Certificate of Deposit	204,138	Not applicable	4/11/2019
BankUnited Certificate of Deposit	151,627	Not applicable	1/17/2019
BankUnited Certificate of Deposit	151,398	Not applicable	2/22/2019
US Bank Commercial Paper	123,291	S&P A-1+	Open ended
State Board of Administration (Florida Prime)	4,682	S&P AAAm	Weighted average of the fund portfolio: 33 days
Total Investments	<u>\$ 785,330</u>		

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. In addition, non-negotiable, non-transferable certificates of deposits that do not consider market rates are required to be reported at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

External Investment Pool—With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables for the fiscal year ended September 30, 2018 were as follows:

Fund	Receivable	Payable
General	\$ -	\$ 127,432
Golf course	127,432	-
Total	<u>\$ 127,432</u>	<u>\$ 127,432</u>

The balance between the general fund and the golf course fund relate to amounts held in the general fund that have not yet been transferred to the operating account of golf fund.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 2,050,912	\$ -	\$ -	\$ 2,050,912
Total capital assets, not being depreciated	2,050,912	-	-	2,050,912
Capital assets, being depreciated				
Infrastructure - sewer, stormwater, distribution	7,936,455	-	-	7,936,455
Infrastructure - roadways, streetlights	1,379,037	-	-	1,379,037
Infrastructure - security and landscape	850,334	-	-	850,334
Equipment	24,887	-	-	24,887
Total capital assets, being depreciated	10,190,713	-	-	10,190,713
Less accumulated depreciation for:				
Infrastructure - sewer, stormwater, distribution	(6,969,755)	(317,310)	-	(7,287,065)
Infrastructure - roadways, streetlights	(1,145,344)	(20,497)	-	(1,165,841)
Infrastructure - security and landscape	(846,007)	(426)	-	(846,433)
Equipment	(12,371)	(2,280)	-	(14,651)
Total accumulated depreciation	(8,973,477)	(340,513)	-	(9,313,990)
Total capital assets, being depreciated, net	1,217,236	(340,513)	-	876,723
Governmental activities capital assets	\$ 3,268,148	\$ (340,513)	\$ -	\$ 2,927,635

For governmental activities, depreciation was charged to the maintenance and operations function.

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Golf course	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Infrastructure in progress	17,255	-	(17,255)	-
Total capital assets, not being depreciated	2,517,255	-	(17,255)	2,500,000
Capital assets, being depreciated				
Equipment	150,454	166,662	-	317,116
Improvements other than buildings	21,998	1,322	-	23,320
Buildings and improvements	-	183,921	-	183,921
Furniture and Fixtures	-	60,195	-	60,195
Total capital assets, being depreciated	172,452	412,100	-	584,552
Less accumulated depreciation for:				
Equipment	(10,310)	(40,509)	-	(50,819)
Improvements other than buildings	(2,200)	(4,664)	-	(6,864)
Buildings and improvements	-	(1,323)	-	(1,323)
Furniture and Fixtures	-	(2,070)	-	(2,070)
Total accumulated depreciation	(12,510)	(48,566)	-	(61,076)
Total capital assets, being depreciated, net	159,942	363,534	-	523,476
Business-type activities capital assets	\$ 2,677,197	\$ 363,534	\$ (17,255)	\$ 3,023,476

Golf Course Acquisition

In the prior fiscal year, the District acquired an 18-hole championship golf course with driving range and practice facilities, a clubhouse consisting of dining facilities and a golf shop, cart storage facilities, tennis courts, swimming pool, and furniture, fixtures, and equipment, and a parcel of vacant land approx. two acres located in close proximity to the driving range (collectively, the "Club Facilities". The Club at Eaglebrook is a 438-acre master-planned residential community.

NOTE 7 – LONG TERM LIABILITIES

Series 2017 Capital Improvement Revenue Bonds

On March 29, 2017, the District issued \$3,695,000 of Series 2017A-1 Tax Exempt Capital Improvement Revenue Bonds and \$390,000 of Series 2017A-2 Taxable Capital Improvement Revenue Bonds due May 1, 2047, with an interest rate that varies between 2% and 6.5%.

The Bonds were issued for the primary purpose of funding the acquisition of The Club at Eaglebrooke and pay certain costs associated with the issuance of the Bonds. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2018 through May 1, 2047.

The Series 2017 Bonds are subject to redemption at the option of the District as outlined in the Bond Indenture. The Series 2017 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. In addition, see Note – 12 Subsequent Events for extraordinary redemption amounts subsequent to year end.

The Bond Indentures established debt service reserve requirements as well as other restrictions and requirements for procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2018.

Long-term Debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type activities</u>					
Bonds payable:					
Series 2017 A-1	\$ 3,695,000	\$ -	\$ 70,000	\$ 3,625,000	\$ 70,000
Series 2017 A-2	390,000	-	5,000	385,000	5,000
Less: original issue discount	(59,736)	-	(1,991)	(57,745)	-
Capital leases	-	78,292	16,483	61,809	18,934
Total	\$ 4,025,264	\$ 78,292	\$ 89,492	\$ 4,014,064	\$ 93,934

At September 30, 2018, the scheduled debt service requirements on the long - term debt, (excluding capital lease), were as follows:

Year ending September 30:	Business-type Activities		
	Principal	Interest	Total
2019	\$ 75,000	\$ 170,279	\$ 245,279
2020	75,000	168,379	243,379
2021	80,000	166,392	246,392
2022	80,000	164,004	244,004
2023	85,000	161,429	246,429
2024-2028	475,000	758,330	1,233,330
2029-2033	585,000	647,088	1,232,088
2034-2038	740,000	501,365	1,241,365
2039-2043	920,000	321,219	1,241,219
2044-2047	895,000	100,669	995,669
Total	\$ 4,010,000	\$ 3,159,154	\$ 7,169,154

NOTE 8 – LEASES

During the current fiscal year, the District entered into operating leases for equipment for its golf course. The minimum lease payments due under non-cancellable operating leases are as following:

Fiscal year ending	Amount
2019	\$ 57,926
2020	57,926
2021	57,926
2022	28,963
Total	<u>\$ 202,741</u>

During the current fiscal year, the District entered into a capital lease. Minimum future rental payments under these leases as of September 30, 2018 are as follows:

Year ending September 30:	
2019	\$ 21,804
2020	21,804
2021	21,804
2022	1,817
Total minimum lease payments	<u>67,229</u>
Less: amount representing interest	<u>(5,420)</u>
Present value of minimum lease payments	<u>\$ 61,809</u>

Assets acquired under leases were as follows:

Equipment	\$ 83,292
Less accumulated depreciation	<u>(15,270)</u>
Net book value	<u>\$ 68,022</u>

NOTE 9 – MANAGEMENT COMPANY (OPERATIONS)

The District has contracted with a management company to perform management services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 10 – GOLF COURSE MANAGEMENT

The District has contracted with a management company to manage the operations of the golf course. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

NOTE 11 – 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 has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. During the current fiscal year end the golf course fund received proceeds from its insurance carriers for damage and loss sustained during Hurricane Irma of \$628,385, of which \$501,960 had been reported as a receivable in the prior fiscal year.

NOTE 12 – SUBSEQUENT EVENTS

Bond Payments

Subsequent to fiscal year end, in November 2018, the District prepaid a total of \$20,000 of the Series 2017A-2 Bonds. The prepayments were considered extraordinary mandatory redemptions as outlined in the Bond Indenture.

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Assessments	\$ 720,070	\$ 720,070	\$ 728,044	\$ 7,974
Interest earnings	4,000	4,000	9,319	5,319
Total revenues	<u>724,070</u>	<u>724,070</u>	<u>737,363</u>	<u>13,293</u>
EXPENDITURES				
Current:				
General government	126,966	287,938	264,017	23,921
Maintenance and operations	596,768	564,796	545,273	19,523
Total expenditures	<u>723,734</u>	<u>852,734</u>	<u>809,290</u>	<u>43,444</u>
Excess (deficiency) of revenues over (under) expenditures	336	(128,664)	(71,927)	56,737
OTHER FINANCING SOURCES				
Use of fund balance	-	129,000	-	(129,000)
Total other financing sources	<u>-</u>	<u>129,000</u>	<u>-</u>	<u>(129,000)</u>
Net change in fund balances	<u>\$ 336</u>	<u>\$ 336</u>	<u>(71,927)</u>	<u>\$ (72,263)</u>
Fund balance - beginning			<u>1,086,355</u>	
Fund balance - ending			<u>\$ 1,014,428</u>	

See notes to required supplementary information

**GOLDEN LAKES COMMUNITY DEVELOPMENT DISTRICT
POLK COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2018 was amended to increase appropriations and use of fund balance by \$129,000. Actual general fund expenditures for the fiscal year ended September 30, 2018 did not exceed appropriations.



**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
Golden Lakes Community Development District
Polk 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, the business-type activities and each major fund of Golden Lakes Community Development District, Polk County, Florida ("District") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated September 13, 2019.

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, we considered finding 2018-01 to be a material weakness and 2018-02 to be a significant deficiency. However, other 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 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 involving the internal control over financial reporting and compliance that we have reported to management of the District in a separate letter dated September 13, 2019.

The District's responses to the findings identified in our audit are described in the accompanying Management Letter. We did not audit the District's responses and, accordingly, we express no opinion on them.

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 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.

A handwritten signature in blue ink, appearing to read "B. H. & Associates".

September 13, 2019



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Golden Lakes Community Development District
Polk County, Florida

We have examined Golden Lakes Community Development District, Polk County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2018. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 fiscal year ended September 30, 2018.

This report 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, management, and the Board of Supervisors of Golden Lakes Community Development District, Polk County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

September 13, 2019



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MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

To the Board of Supervisors
Golden Lakes Community Development District
Polk County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Golden Lakes Community Development District Polk County, Florida ("District") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated September 13, 2019.

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 Auditor General.

Other Reporting Requirements

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*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated September 13, 2019, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of the state of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. **Current year findings and recommendations.**
- II. **Status of prior year findings and recommendations.**
- III. **Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Golden Lakes Community Development District, Polk County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Golden Lakes Community Development District, Polk County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

September 13, 2019

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Material Weakness

2018-01 Adjusting Journal Entries

Observation: During the audit it was necessary to propose numerous adjusting journal entries to correct balances reported in the golf course fund.

Recommendation: We recommend that reconciliations be performed to ensure balances are correctly stated.

Reference Number for Prior Year Finding: 2017-02

Management Response: Management will reconcile balances in the golf course fund at the latest by fiscal year end.

Significant Deficiency

2018-02 Accounting Internal Controls and Procedures for Enterprise Fund Transactions

Observation: During the audit, we noted several conditions that indicated that internal controls could be improved. During our testing, the following conditions were identified:

- Certain expenses were inaccurately netted against miscellaneous revenues.
- Inadequate segregation of duties relating to onsite checking account. Multiple individuals can perform entire disbursement process from approving invoices to issuing and signing manual checks for vendor payment.
- Documentary evidence related to sign-offs and approvals to indicate performance of review and approval of items could be improved, including those related to:
 - reconciliation and adjustment between sales information from point of sale (POS) reports and information uploaded to monthly income reports and recorded in the general ledger,
 - bank reconciliations, and
 - documentation of authorization of account write-offs.

Recommendation: The District should ensure that all transactions are accurately and timely recorded, and that errors and omissions are detected and corrected in a timely manner. Recommended areas of improvements include:

- The District should implement procedures and controls to ensure that transactions are properly classified, including refraining from inappropriately netting transactions. Expenses should be reported separately from revenues generated.
- The District should perform regular reconciliation of point of sale reports to recorded financial statement account amounts. Back-up documentation supporting any necessary adjustment/corrections to system point of sale reports should be retained with monthly reconciliations as necessary. Furthermore, all management review and approvals of various transactions, journal entries, and reconciliations should be evidenced in the form of verifiable sign-offs.
- The District should implement procedures and controls to improve segregation of duties relating to the issuance of manual checks. The District should consider limiting the use of manual checks to rare occasions, such as emergencies. The District should establish vendor accounts and arrangements with all vendors to ensure that most payments are processed through the regular accounts payable process to reduce the chance of potential errors or omissions.

REPORT TO MANAGEMENT (Continued)

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS (Continued)

- The District should ensure that documentation of sign-offs and approvals to indicate performance of review and approval are evident to support review and authorization of all significant transactions.

Reference Number for Prior Year Finding: N/A

Management Response: Management will review the internal control procedures around account reconciliations, onsite checks, and voucher processing.

Other Findings

2018-03 Golf Course Acquisition

Observation: During the prior year audit the following items were discovered.

- Per the sale and purchase agreement for the golf course, the District should have collected and remitted to the seller amounts received through May 2017 for amounts that were classified as "Under 60 Seller Receivables" at the time of the sale. We were unable to get documentation of how this was achieved.
- During the transition, credit card sales totaling approximately \$43,000 were deposited to the previous owners' bank account. The amount was not requested or received by the District.

At the time of this report, the issues had not been addressed or resolved.

Recommendation: The District should reconcile with the previous owner amounts owed or due.

Reference Number for Prior Year Finding: 2017-03

Management Response: Management will reconcile with the previous owner to determine any amounts owed or due.

2018-04 Allocation of amounts between General Fund and Enterprise Fund

Observation: During our audit procedures, we noted that certain expenditures relating to items concerning the golf course were paid and recorded in the general fund. There appeared to be a lack of clarity and agreement as to how costs would be allocated between funds.

Recommendation: The District should establish policies and procedures relating to how certain costs will be allocated between funds.

Reference Number for Prior Year Finding: N/A

Management Response: The District will establish policies and procedures to allocate shared costs between funds.

REPORT TO MANAGEMENT (Continued)

II. PRIOR YEARS FINDINGS AND RECOMMENDATIONS

2017-01 Golf Course Point of Sale (POS) System

Current Status: Recommendation has been implemented.

2017-02 Adjusting Journal Entries

Current Status: See finding no. 2018-01 above.

Other Findings

2017-03 Golf Course Acquisition

Current Status: See finding no. 2018-03 above.

2017-04 Disbursement

Current Status: Recommendation has been implemented.

2017-05 Budget:

Current Status: Recommendation has been implemented.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2017, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2018, except as noted above.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2018.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as September 30, 2018. It is management's responsibility to monitor 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.