

**Emerald Lakes  
Community  
Development District**

**FINANCIAL STATEMENTS**

**September 30, 2019**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

**Emerald Lakes Community Development District**  
**Table of Contents**  
**September 30, 2019**

	<u>PAGE</u>
<b>REPORT</b>	
Independent Auditors' Report	1
<b>FINANCIAL STATEMENTS</b>	
Management's Discussion And Analysis (required supplemental information)	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	10
Notes to Financial Statements	11
Required Supplemental Information (other than MD&A)	
Budget to Actual Comparison Schedule - General Fund	17
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Management Letter	20
Independent Accountants' Report on Compliance with Section 218.415 Florida Statutes	22



**Carr, Riggs & Ingram, LLC**  
Certified Public Accountants  
500 Grand Boulevard  
Suite 210  
Miramar Beach, Florida 32550

(850) 837-3141  
(850) 654-4619 (fax)  
CRlcpa.com

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors  
Emerald Lakes Community Development District  
Brevard County, Florida

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Emerald Lakes Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, each major fund, and the aggregate remaining fund information of the District as of September 30, 2019, and the respective changes in financial position for the 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida  
March 12, 2020



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

## Emerald Lakes Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Emerald Lakes Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the District's financial statements, which begin on page 7.

### FINANCIAL HIGHLIGHTS

- At September 30, 2019, the liabilities and deferred inflows of resources exceed its assets by approximately \$66,000 (deficit).
- During the fiscal year ended September 30, 2019, the District incurred approximately \$66,000 in cost of issuance expenditures in anticipation of the issuance of bonds.
- During the year ended September 30, 2019, the developer contributed 57,449 to fund the operations of the District, and also funded the cost of issuance expenditures, to be reimbursed from the future bonds proceeds.

### USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 7 – 8 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 9. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

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

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

## Emerald Lakes Community Development District Management's Discussion and Analysis

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

Our analysis of the District's major funds begins on page 5. The fund financial statements begin on page 9 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

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

### **THE DISTRICT AS A WHOLE**

The following table reflects the condensed Statement of Net Position and is compared to the prior year. The District has no comparative information for the prior year due to the District's inception on June 21, 2018.

<i>September 30,</i>	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Assets</b>			
Current and other assets	\$ 20,717	\$ -	\$ 20,717
<b>Total assets</b>	<b>\$ 20,717</b>	<b>\$ -</b>	<b>\$ 20,717</b>
<b>Liabilities</b>			
Current liabilities	\$ 81,392	\$ -	\$ 81,392
<b>Total liabilities</b>	<b>81,392</b>	<b>-</b>	<b>81,392</b>
<b>Deferred inflows of resources</b>			
Deferred revenue	5,000	-	5,000
<b>Total deferred inflows of resources</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>
<b>Net position</b>			
Unrestricted	(65,675)	-	(65,675)
<b>Total net position (deficit)</b>	<b>(65,675)</b>	<b>-</b>	<b>(65,675)</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 20,717</b>	<b>\$ -</b>	<b>\$ 20,717</b>

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

## Emerald Lakes Community Development District Management's Discussion and Analysis

During the fiscal year ended September 30, 2019, total assets, liabilities, and deferred inflows of resources increased by approximately \$21,000, \$81,000, and \$5,000, respectively, over the prior fiscal year, as fiscal year 2019 was the first year of District operations.

The following schedule compares the Statement of Activities for the current and previous fiscal year. The District has no comparative information for the prior year due to the District's inception on June 21, 2018.

<i>Year ended September 30,</i>	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenues:			
Grants and contributions	\$ 57,449	\$ -	\$ 57,449
Total revenues	57,449	-	57,449
<b>Expenses:</b>			
General government	57,441	-	57,441
Cost of issuance	65,683	-	65,683
Total expenses	123,124	-	123,124
Change in net position	(65,675)	-	(65,675)
Net position, beginning of year	-	-	-
Net position (deficit), end of year	\$ (65,675)	\$ -	\$ (65,675)

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

During the fiscal year ended September 30, 2019, total revenues and expenses increased by approximately \$57,000 and \$123,000, respectively, over the prior fiscal year, as fiscal year 2019 was the first year of District operations. The overall result was a \$65,675 decrease in net position for fiscal year 2019.

### THE DISTRICT'S FUNDS

#### **Governmental Funds**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 9) reported a combined deficit fund balance of approximately \$66,000. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2019, the District incurred approximately \$66,000 in cost of issuance expenditures in anticipation of the issuance of bonds.



## **Emerald Lakes Community Development District Management's Discussion and Analysis**

- During the year ended September 30, 2019, the developer contributed 57,449 to fund the operations of the District, and also funded the cost of issuance expenditures, to be reimbursed from the future bonds proceeds.

The overall decrease in fund balance for the year ended September 30, 2019 totaled \$65,675.

### **GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS**

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 17.

The District experienced an unfavorable variance in revenues as compared to the budget in the amount of \$62,295. Conversely, the District experienced a favorable variance in expenditures as compared to the budget in the amount of \$62,303. The variance in expenditures occurred primarily due to anticipated operating expenditures that were not incurred during the year. Revenues varied in a similar manner because the Developer currently funds the operations of the District.

### **FUTURE FINANCIAL FACTORS**

Emerald Lakes Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. For fiscal year 2020, the Developer has agreed to fund the operations of the District.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Emerald Lakes Community Development District's management company, Wrathell, Hunt & Associates, LLC, at 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431.



## **Basic Financial Statements**

**Emerald Lakes Community Development District  
Statement of Net Position**

<i>September 30,</i>	<b>2019</b>
	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 5,084
Due from developer	15,633
<b>Total assets</b>	<b>20,717</b>
<b>Liabilities</b>	
Accounts payable	9,684
Due to developer	66,208
Developer advances	5,500
<b>Total liabilities</b>	<b>81,392</b>
<b>Deferred inflows of resources</b>	
Deferred revenue	5,000
<b>Total deferred inflows of resources</b>	<b>5,000</b>
<b>Net position</b>	
Unrestricted	(65,675)
<b>Total net position (deficit)</b>	<b>\$ (65,675)</b>

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

**Emerald Lakes Community Development District  
Statement of Activities**

*Year ended September 30,*

**2019**

Functions/Programs	Expenses	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ (57,441)	\$ -	\$ 57,449	\$ 8
Cost of issuance	(65,683)	-	-	(65,683)
<b>Total governmental activities</b>	<b>\$ (123,124)</b>	<b>\$ -</b>	<b>\$ 57,449</b>	<b>(65,675)</b>
				Change in net position (65,675)
				Net position - beginning of year -
				<b>Net position (deficit) - end of year \$ (65,675)</b>

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

**Emerald Lakes Community Development District  
Balance Sheet – Governmental Funds**

<i>September 30,</i>	<b>2019</b>			
	<b>General</b>	<b>Debt Service</b>	<b>Non-major Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 5,084	\$ -	\$ -	\$ 5,084
Due from developer	15,042	-	591	15,633
<b>Total assets</b>	<b>\$ 20,126</b>	<b>\$ -</b>	<b>\$ 591</b>	<b>\$ 20,717</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 9,093	\$ -	\$ 591	\$ 9,684
Due to developer	525	65,092	591	66,208
Developer advances	5,500	-	-	5,500
<b>Total liabilities</b>	<b>15,118</b>	<b>65,092</b>	<b>1,182</b>	<b>81,392</b>
<b>Deferred inflows of resources</b>				
Deferred revenue	5,000	-	-	5,000
<b>Total deferred inflows of resources</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>5,000</b>
<b>Fund balances</b>				
Unassigned	8	(65,092)	(591)	(65,675)
<b>Total fund balances (deficit)</b>	<b>8</b>	<b>(65,092)</b>	<b>(591)</b>	<b>(65,675)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 20,126</b>	<b>\$ -</b>	<b>\$ 591</b>	<b>\$ 20,717</b>

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

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

<i>Year ended September 30,</i>	<b>2019</b>			
	<b>General</b>	<b>Debt Service</b>	<b>Non-major Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Developer contributions	\$ 57,449	\$ -	\$ -	\$ 57,449
Total revenues	57,449	-	-	57,449
<b>Expenditures</b>				
Current:				
General government	57,441	-	-	57,441
Debt service:				
Bond issuance costs	-	65,092	591	65,683
Total expenditures	57,441	65,092	591	123,124
Excess (deficit) of revenues over expenditures	8	(65,092)	(591)	(65,675)
Fund balances, beginning of year	-	-	-	-
Fund balances (deficit), end of year	\$ 8	\$ (65,092)	\$ (591)	\$ (65,675)

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

## Emerald Lakes Community Development District Notes to Financial Statements

### NOTE 1: NATURE OF ORGANIZATION

The Emerald Lakes Community Development District (the “District”) was created on June 21, 2018 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by the City of Palm Bay, Florida, Ordinance No. 2018-7. 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 a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. At September 30, 2019, all of the Supervisors are affiliated with the developer of the community, Emerald Investments Holdings, LLC. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final 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.

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

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

## Emerald Lakes Community Development District Notes to Financial Statements

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2019, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

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

#### ***Estimates***

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

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

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

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

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



## Emerald Lakes Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

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

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

For the year ended September 30, 2019, the District does not report any proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, and then unassigned resources as needed.

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

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

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

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

## Emerald Lakes Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In addition to assets, the Statement of Net Position will sometime include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item at September 30, 2019.

In addition to liabilities, the Statement of Net 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. The District only has one item that qualifies for reporting in this category: deferred revenue reported on the Statement of Net Position and Balance Sheet – Governmental Funds. Deferred revenue resulted from the District billing the Developer for FY2020 expenditures before September 30, 2019.

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

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

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

#### ***Budgets***

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

## Emerald Lakes Community Development District Notes to Financial Statements

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

### **NOTE 3: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage since inception.

### **NOTE 4: MANAGEMENT COMPANY**

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

### **NOTE 5: RELATED PARTY TRANSACTIONS**

A significant portion of the District's activity is dependent upon the continued involvement of the developer, Emerald Investment Holdings, LLC, the loss of which could have a material adverse effect on the District's operations.

The developer has agreed to fund the operations of the District. For the year ended September 30, 2019, the developer contributed \$57,449 to the General Fund, of which \$15,042 is outstanding at year end and is included in Due from developer on the accompanying Statement of Net Position and Balance Sheet – Governmental Funds.



## Emerald Lakes Community Development District Notes to Financial Statements

### **NOTE 5: RELATED PARTY TRANSACTIONS (Continued)**

During the year ended September 30, 2019, the District incurred approximately \$66,000 in bond issuance costs, as the District prepares to issue bonds for its planned infrastructure project. These expenditures were funded by the Developer, but will be reimbursed to the Developer upon issuance of the bonds from the bonds proceeds. Accordingly, a similar amount is reported as Due to Developer on the accompanying Statement of Net Position and Balance Sheet – Governmental Funds.



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

**Emerald Lakes Community Development District  
Budget to Actual Comparison Schedule – General Fund**

<i>Year ended September 30,</i>	<b>2019</b>		
	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Developer contributions	\$ 119,744	\$ 57,449	\$ (62,295)
Total revenues	119,744	57,449	(62,295)
<b>Expenditures</b>			
General government	119,744	57,441	62,303
Total expenditures	119,744	57,441	62,303
Excess of revenues over expenditures	\$ -	\$ 8	\$ 8

**INDEPENDENT AUDITORS' 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  
Emerald Lakes Community Development District  
Brevard 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, each major fund, and the aggregate remaining fund information of Emerald Lakes Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 12, 2020.

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida  
March 12, 2020





**Carr, Riggs & Ingram, LLC**  
Certified Public Accountants  
500 Grand Boulevard  
Suite 210  
Miramar Beach, Florida 32550

(850) 837-3141  
(850) 654-4619 (fax)  
CRLcpa.com

## **MANAGEMENT LETTER**

To the Board of Supervisors  
Emerald Lakes Community Development District  
Brevard County, Florida

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

We have audited the financial statements of Emerald Lakes Community Development District ("District") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 12, 2020.

### **Auditors' 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 Auditors' 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 Accountant'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 these reports, which are dated March 12, 2020, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual audit report, as this is the Districts first audit.

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

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

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 note any such findings.

## **Purpose of this Letter**

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

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida  
March 12, 2020



Carr, Riggs & Ingram, LLC  
Certified Public Accountants  
500 Grand Boulevard  
Suite 210  
Miramar Beach, Florida 32550

(850) 837-3141  
(850) 654-4619 (fax)  
CRLcpa.com

## INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors  
Emerald Lakes Community Development District  
Brevard County, Florida

We have examined Emerald Lakes Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements 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 above. 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 year ended September 30, 2019.

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

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida  
March 12, 2020