

**Crescent Lakes Common Facilities District  
Osceola County, Florida**

**Annual Financial Report**

**Year Ended September 30, 2019**

**Crescent Lakes Common Facilities District  
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**INDEPENDENT AUDITOR'S REPORT**

Honorable Board of Supervisors  
Crescent Lakes Common Facilities District  
Kissimmee, Florida

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and the major fund of Crescent Lakes Common Facilities District, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Crescent Lakes Common Facilities 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Crescent Lakes Common Facilities 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with Government Auditing Standards, I have also issued my report dated March 24, 2020, on my consideration of Crescent Lakes Common Facilities District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters included under the heading INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Crescent Lakes Common Facilities District's internal control over financial reporting and compliance.

I have issued my report dated March 30, 2020 on my 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 the report is to provide an opinion based on my examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants,

Respectfully submitted,



Recoverable Signature

**X**

Linda M. Lacek, CPA, LLC

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Linda M. Lacek, CPA, LLC

Signed by: Verto Analytics

Orlando, Florida

March 30, 2020

**Crescent Lakes Common Facilities District  
Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2019**

Crescent Lakes Common Facilities District's (District) discussion and analysis presents an objective and easily readable analysis of the District's financial activities for the fiscal year ended September 30, 2019. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements which begin on page 8.

**FINANCIAL HIGHLIGHTS**

- The District's total assets exceeded total liabilities by \$1,484,613 (net position)
- The District's total net position decreased during the current year by \$197,660
- The District's unrestricted net position increased \$17,083 and the District's investment in capital assets, net of related debt decreased \$214,743 during the current year
- Governmental activities revenues totaled \$538,586 while governmental activities expenses totaled \$738,489

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of government-wide financial statements, fund financial statements and notes to the financial statements. The government-wide financial statements present an overall picture of the District's financial position and results of operations. The fund financial statements present financial information for the District's major funds. The notes to the financial statements provide additional information concerning the District's finances. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements:

The government-wide financial statements, which consist of the statement of net position and the statement of activities, 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* combines and consolidates all of the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations, if any, using the accrual basis of accounting. The end result is that net position is segregated into two components: invested in capital assets, net of related debt and unrestricted net position. Over time, increases and 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 District's net position changed during the most recent fiscal year. Expenses are reported by major function and program revenues relating to those functions are also reported. This reflects the net cost of all functions provided by the District.

To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, public safety, physical environment and cultural & recreation. All changes in net position are reported when the

underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that result in cash flows in prior or future fiscal periods.

#### Fund Financial Statements:

Fund financial statements present financial information for governmental funds. A fund is a self-balancing set 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 demonstrate legal compliance and to aid in financial management. The District uses only the governmental fund category.

#### 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-side financial statements, governmental fund financial statements use the modified accrual basis of accounting, which focuses on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

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

The District has only one fund, a general fund. This is the operating fund for the District. As of the end of the 2019 fiscal year, the District's general fund reported ending fund balance of \$519,864. This was an increase of \$17,083 in comparison with the prior year.

#### Notes to the Financial Statements:

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

#### General Fund Budgetary Highlights

Actual budgetary expenditures were \$548,590 or 70% of the amount appropriated in the budget. A budgetary comparison has been provided, as supplementary information, to demonstrate compliance with the budget.

## GOVERNMENT – WIDE FINANCIAL ANALYSIS

The following schedule provides a summary of the assets, liabilities, and net position of the District:

	Governmental Activities	
	2019	2018
Assets:		
Current and other assets	\$ 530,915	\$ 547,788
Capital assets	964,749	1,179,492
Total assets	1,495,664	1,727,280
Liabilities:		
Current liabilities	10,463	45,007
Total liabilities	10,463	45,007
Deferred inflows of resources	588	-
Net Position:		
Invested in capital assets	964,749	1,179,492
Unrestricted	519,864	502,781
Total net position	\$ 1,484,613	\$ 1,682,273

The largest portion of the District's net position (\$964,749 or 65%) is invested in capital assets. The balance of cash is available for the needs of the District. The remaining net position of the District is comprised of cash (32.5%), delinquent taxes receivable (0.04%), prepaid expenses (1.3%), construction in progress (1.3%), utility deposits (.6%), deferred inflows (-0.04%) and accounts payable (-0.7%).

At September 30, 2019, the District had \$964,749 invested in net capital assets. Investment in capital assets includes land, signage, infrastructure, equipment and improvements.

### The District's Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenue	\$ 538,586	\$ 538,975
General revenue	2,243	1,461
Total revenues	540,829	540,436
Expenses:		
General government	61,406	62,045
Public safety	147,062	155,116
Physical environment	436,042	320,975
Transportation	57,085	56,825
Culture and recreation	36,894	39,020
Total expenses	738,489	633,981
Increase (Decrease) in net position	(197,660)	(93,545)
Net position, beginning of year	1,682,273	1,775,818
Net position, end of year	\$ 1,484,613	\$ 1,682,273

For fiscal year ended September 30, 2019 there was a net decrease in net position of \$197,660.

### Capital Assets

As of September 30, 2019, the District had \$1,846,993 invested in land, equipment, infrastructure and improvements. In the government-wide financial statements depreciation of \$882,244 had been deducted, which resulted in a net book value of \$964,749. More detailed information about the District's capital assets is presented in the notes to the financial statements.

### Debt

At September 30, 2019, the District had no debt outstanding.

### Economic Factors, Next Year's Budget and Other Events

The District has engaged a civil engineering firm to provide services for the expansion of parking at Oak Park which should be completed next year. Included in the budget reserves is \$77,653 for Aster Cove infrastructure. It is anticipated that the general operations of the District will remain fairly consistent.

### Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability. If the reviewer should have any questions about this report or need additional financial information, please contact the District's operations office.



**CRESCENT LAKES COMMON FACILITIES DISTRICT**  
**Statement of Net Position**  
**September 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 483,592
Construction in progress	19,466
Delinquent taxes receivable	588
Prepaid expenses	18,894
Deposits	8,375
Capital assets:	
Nondepreciable	528,373
Depreciable, net of accumulated depreciation of \$882,244	436,376
<b>TOTAL ASSETS</b>	<b>1,495,664</b>
<b>LIABILITIES</b>	
Accounts payable	10,463
<b>TOTAL LIABILITIES</b>	<b>10,463</b>
Deferred inflows of resources	588
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	964,749
Unrestricted	519,864
<b>TOTAL NET POSITION</b>	<b>\$ 1,484,613</b>

The accompanying notes are an integral part of the financial statements

**CRESCENT LAKES COMMON FACILITIES DISTRICT**  
**Statement of Activities**  
**Year Ended September 30, 2019**

		Program Revenues	Net Revenue (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>			
Governmental activities:			
General government	\$ (61,406)	\$ 538,586	\$ 477,180
Public safety	(147,062)	-	(147,062)
Physical environment	(436,042)	-	(436,042)
Transportation	(57,085)	-	(57,085)
Culture and recreation	<u>(36,894)</u>	<u>-</u>	<u>(36,894)</u>
Total governmental activities	<u>\$ (738,489)</u>	<u>\$ 538,586</u>	\$ (199,903)
General revenues:			
Unrestricted investment earnings			<u>2,243</u>
Total General Revenues			<u>2,243</u>
CHANGE IN NET POSITION			(197,660)
NET POSITION BEGINNING OF YEAR			<u>1,682,273</u>
NET POSITION END OF YEAR			<u>\$ 1,484,613</u>

The accompanying notes are an integral part of the financial statements.

**CRESCENT LAKES COMMON FACILITIES DISTRICT**  
**Balance Sheet - Governmental Funds**  
**September 30, 2019**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 483,592
Delinquent taxes receivable	588
Construction in progress	19,466
Prepaid expenses	18,894
Deposits	8,375
Total Assets	<u>530,915</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	<u>10,463</u>
Total Liabilities	<u>10,463</u>
Deferred inflows of resources	588
<b>FUND BALANCE</b>	
Nonspendable	46,736
Assigned	77,653
Unassigned	<u>395,475</u>
Total Fund Balance	<u>519,864</u>
Total Liabilities and Fund Balance	<u>\$ 530,915</u>

The accompanying notes are an integral part of the financial statements.

**CRESCENT LAKES COMMON FACILITIES DISTRICT**

**Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position**

**September 30, 2019**

Total fund balance - total governmental funds	\$ 519,864
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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 current  
financial resources and therefore are not reported in the  
governmental funds balance sheet. The cost of the assets  
is \$1,846,993 and accumulated depreciation is \$882,244.

964,749
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Net position of governmental activities

<u>\$ 1,484,613</u>
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The accompanying notes are an integral part of the financial statements.

**CRESCENT LAKES COMMON FACILITIES DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended September 30, 2019**

	General Fund
<b>REVENUES</b>	
Assessments	\$ 538,586
Investment earnings	2,243
Total Revenues	<u>540,829</u>
<b>EXPENDITURES</b>	
Current:	
General government	61,349
Public safety	143,326
Physical environment	220,190
Transportation	43,181
Culture and recreation	23,658
Capital outlay	<u>32,042</u>
Total Expenditures	<u>523,746</u>
Excess (deficiency) of Revenues over Expenditures	17,083
<b>FUND BALANCE - Beginning</b>	<u>502,781</u>
<b>FUND BALANCE - Ending</b>	<u><u>\$ 519,864</u></u>

The accompanying notes are an integral part of the financial statements.

**CRESCENT LAKES COMMON FACILITIES DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance of Governmental Funds to**  
**the Statement of Activities**  
**Year Ended September 30, 2019**

Net changes in fund balance - governmental funds	\$ 17,083
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Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlay as expenditures.

However, in the government-wide statement of  
activities and changes in net assets, the cost of those  
assets is allocated over their estimated useful lives as  
depreciation expense. This is the amount of capital  
assets recorded in the current period.

32,042

Depreciation expense on capital assets is reported  
in the government-wide statement of activities  
and changes in net assets, but they do not require  
the use of current financial resources. Therefore,  
depreciation expense is not reported as expenditures  
in governmental funds.

(246,785)

Changes in net position of governmental activities

\$ (197,660)

The accompanying notes are an integral part of the financial statements.

## **Crescent Lakes Common Facilities District**

### **Notes To Financial Statements**

**September 30, 2019**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Crescent Lakes Common Facilities District (District) have been prepared to conform with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes is organized to provide explanations, including required disclosures of the District's financial activities for the fiscal year ended September 30, 2019.

##### **A. Reporting Entity**

Crescent Lakes Common Facilities District is a special taxing district created by Osceola County, Florida pursuant to Chapter 189 of the General Laws of the State of Florida for the purpose of improving and maintaining the common area property within the Crescent Lakes residential community. The District was created by Osceola County Ordinance No. 06-45, April 21, 2008. The District is the basic level of government, which has financial accountability, and control over all activities related to the District. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncements. The Board of Supervisors for the District have decision making authority, the authority to levy taxes, the power to designate management, and have primary financial accountability for fiscal matters. There are no component units as defined in GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB 39, *Determining Whether Certain Organizations Are Component Units*, which are included in the District's reporting entity. The District does not engage in any business-type activities.

##### **B. Basic Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District has no business type activities, therefore all activities are categorized as governmental types.

**Crescent Lakes Common Facilities District**

**Notes To Financial Statements**

**September 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The government-wide financial statements (the statement of net position and the statement of activities) report information on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, assessments and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements report the financial transactions of the District in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis of fund financial statements is on the major governmental or enterprise (business-type) funds. Non-major funds by category are summarized into a single column. The District has no business-type activities, therefore all activities are categorized as governmental fund types. Funds are classified into three categories: governmental, proprietary and fiduciary. During fiscal year 2019, the District used only the governmental fund category. The emphasis of fund financial statements is on the major governmental funds, which are each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The District had only one fund, a General Fund, during the 2019 fiscal year. This fund accounts for all financial resources and costs associated with the general government.

**C. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statement presents increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.



**Crescent Lakes Common Facilities District**

**Notes To Financial Statements**

**September 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Government fund financial statements are reported using a current financial resources measurement focus and are accounted for using modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financial uses) in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally collectable within 60 days of year-end. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt, if any, is recognized when due.

Revenues from local sources consist primarily of assessments on property located within the district. Property assessment revenue is recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

**D. Assets, Liabilities, and Net Position or Equity**

**Cash and Equivalents**

Cash and cash equivalents include currency on hand, demand deposits with banks and other highly liquid investments, with original maturities of three months or less from the date of acquisition, which are readily convertible to cash. Cash and cash equivalents are carried at cost, which approximates fair value.

**Deferred Outflows/Inflows of Resources and Unavailable Revenue**

Deferred inflows of resources are reported in governmental activities to offset receivables and deposits that either do not meet the availability criterion under the modified accrual basis of accounting or apply to a future period. Primary examples of the District's deferred inflows are amounts associated with delinquent tax payers where payments are expected to be received in cash over future periods.

**Prepaid Expenses**

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.

**Crescent Lakes Common Facilities District**

**Notes To Financial Statements**

**September 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Capital Assets**

Capital assets, which include equipment and landscaping improvements are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Additions, improvements and other capital outlays that cost in excess of \$1,000 and have an expected life in excess of 1 year or that significantly extend the useful life of an existing asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over the following useful lives:

Equipment and landscaping	5 -20 years
Infrastructure and Improvements	20 years
Signage	20 years

**Net Position and Fund Balance**

In the government-wide financial statements, net position is displayed as “Invested in capital assets, net of related debt” and “Unrestricted Net Position”. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to those assets. In fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified into non-spendable, restricted, committed, assigned and unassigned fund balance. Non-spendable fund balance is either not in spendable form (such as prepaid items) or legally or contractually required to be maintained intact. Non-spendable fund balance of \$46,735 is composed of prepaid insurance costs in the amount of \$18,894, construction in progress of \$19,466 and deposits with the utility company in the amount of \$8,375. Restricted fund balance consists of amounts that are legally restricted through constitutional provisions or by enabling legislation or by outside parties for use for a specific purpose. Committed fund balance is an amount that can only be used for a specific purpose as a result of constraints imposed by resolution of the Board of Supervisors. Assigned fund balance represents amounts the District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Assigned fund balance of \$77,653 is composed of funds assigned for infrastructure improvements in Aster Cove. Unassigned fund balance is amounts that are available for any purpose. This is the residual classification for the general fund.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

**Crescent Lakes Common Facilities District**

**Notes To Financial Statements**

**September 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenses during the reporting period. Actual results could differ from those estimates and differences could be material.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budget**

The District is required by state law to adopt an annual budget for the general fund. The budget is presented on the cash basis of accounting. Revenues are budgeted in the year receipt is expected and expenditures are budgeted for the year payment is expected. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. On or before June 1 of the preceding fiscal year, the District prepares a budget and annual rate resolution for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1 of each year, the Board of Supervisors conducts a public hearing to consider adoption of the rate resolution and budget for the coming fiscal year. Notice of time, place and subject of the public hearing is published in a newspaper of general circulation within the County at least twenty days prior to the public hearing.
3. Prior to October 1, the budget is legally enacted through passage of a resolution by the Board of Supervisors. The annual rate resolution must be submitted to Osceola County by October 1 in order to be included in the property tax bills.

The governing body of the district, at any time within a fiscal year or within up to sixty days following the end of the fiscal year, may amend a budget for that year. The budget amendment must be adopted by resolution if appropriations increase. The budget must include a minimum reserve balance equal to at least two months of the total budgeted operating and capital expenditures. The legal level of budgetary control, the level at which expenditures may not exceed the budget, is in the aggregate at the fund level. Deficits in the budget variance columns of the accompanying financial statements may occur, however, the deficits should not exceed the total fund appropriation. All budget appropriations lapse at year end.

**Crescent Lakes Common Facilities District**

**Notes To Financial Statements**

**September 30, 2019**

**NOTE 3 – CASH AND EQUIVALENTS**

The District maintains its cash with a financial institution that is designated as a qualified public depository by the Florida Department of Insurance and State Treasurer. The book balance of the demand deposits at September 30, 2019 was \$411,511 in an interest bearing checking account. The District also had \$71,006 in a certificate of deposit and \$1,075 in a money market account at September 30, 2019. Chapter 280, Florida Statutes and Investment Policies and Procedures adopted by the District authorize the District's investments. The District is authorized to invest in the following: interest-bearing checking or savings accounts in a qualified public depository; certificate of deposit in a federally insured bank or savings and loan association; money market accounts with the highest credit quality rating from a nationally recognized rating agency; or local government surplus funds trust fund or any intergovernmental investment pool authorized by the Florida Interlocal Cooperation Act. The District has a total of \$483,592 cash invested in interest bearing investments.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits, or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of a failure of a counterparty to the transaction, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District controls its exposure to custodial credit risk because it maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by the Federal Deposit Insurance Corporation.

**Credit Risk**

The District's Investment policy limits credit risk by restricting authorized investments to those described above.

**Concentration of Credit Risk**

The District's investment policy does not specify limits on the amount the District may invest in any one issuer.

**NOTE 4 – NON-AD VALOREM PROPERTY TAX**

The District has entered into a contract with the Osceola County Tax Collector whereby the Tax Collector acts as a collection agent for the District. The District's non-ad valorem property tax is added to the ad valorem taxes levied each November 1. The non-ad valorem assessment is assessed on all parcels of property located within the District that contain dwelling units or are capable of being built upon as of the prior January 1.

**Crescent Lakes Common Facilities District**

**Notes To Financial Statements**

**September 30, 2019**

**NOTE 4 – NON-AD VALOREM PROPERTY TAX - Continued**

The tax rate assessed for the year ended September 30, 2019 to finance general fund operations was \$798 for each of the dwelling units located in Aster Cove and \$588 for all other dwelling units, with a total of 923 units being assessed.

Taxes are due on November 1 and become delinquent by April 1 following the November 1 levy date. Current tax collections for the year ended September 30, 2019 were 96.6% of the tax levy.

For the government-wide financial statements, any delinquent taxes receivable are reported as revenue. For the fund financial statements, any delinquent taxes receivable represent revenues which are measurable but not available; therefore they are reported as unavailable revenue under the caption of deferred inflows of resources.

Property owners may elect to pay their property taxes in advance through installments. The Tax Collector is required to hold any advance installments until the levy date.

**NOTE 5 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for each of the past three fiscal years.

**NOTE 6 – GAIN CONTINGENCY**

In December 2010, it was determined that the District had been paying the utility bills for a private residential unit within the District. These utility bills, which began in May, 1999 are not a District obligation. The total estimated amount paid by the District since 1999 is \$26,171. The District instructed the utility company to transfer the billing out of the District's name. At the May 5, 2011 Board of Supervisors' meeting, the Supervisors' approved a motion to retain a legal firm to proceed against the current homeowner for payment. On May 23, 2012 the District was awarded a judgment against the homeowner in the amount of \$22,821 and a judgment lien was filed against the property on June 25, 2012. Interest is accruing on the unpaid balance of the receivable at the annual rate of 4.75%. As of the report date, it is uncertain as to how much, if any, will be repaid to the District by the homeowner.

**Crescent Lakes Common Facilities District**

**Notes To Financial Statements**

**September 30, 2019**

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance October 1	Additions	Deletions	Balance Sept. 30
Governmental Activities:				
Land	\$ 398,175	\$ -	\$ -	\$ 398,175
Infrastructure	130,198	-	-	130,198
Total capital assets not being depreciated	528,373	-	-	528,373
Depreciable capital assets:				
Improvements	598,746	-	-	598,746
Equipment	251,247	30,249	-	281,496
Infrastructure	315,223	-	-	315,223
Signage	121,362	1,793	-	123,155
Total capital assets being depreciated	1,286,578	32,042	-	1,318,620
Less accumulated depreciation for:				
Improvements	(330,771)	(198,361)	-	(529,132)
Equipment	(158,628)	(14,820)	-	(173,448)
Infrastructure	(118,183)	(12,872)	-	(131,055)
Signage	(27,877)	(20,732)	-	(48,609)
Total accumulated depreciation	(635,459)	(246,785)	-	(882,244)
Total capital assets being depreciated, net	<u>\$ 651,119</u>	<u>\$ (214,743)</u>	<u>\$ -</u>	<u>\$ 436,376</u>
Governmental activities capital assets, net	<u>\$ 1,179,492</u>	<u>\$ (214,743)</u>	<u>\$ -</u>	<u>\$ 964,749</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities:

General Government	\$ 57
Public Safety	3,737
Transportation	13,904
Culture and Recreation	13,235
Physical Environment	215,852
Total depreciation expense	<u>\$ 246,785</u>

**Crescent Lakes Common Facilities District**

**Notes To Financial Statements**

**September 30, 2019**

**NOTE 8 – CHANGE IN DEPRECIABLE LIVES OF PROPERTY AND EQUIPMENT**

In accordance with good business practices, the District reviews the estimated useful lives of its fixed assets on an ongoing basis. This review indicated that the actual lives of some improvements, signage and some equipment were shorter and that the actual lives of landscaping improvements were longer than the estimated useful lives used for depreciation purposes in the District's financial statements. As a result, effective October 1, 2018, the District changed its estimates of the useful lives of its improvements, signage and equipment to better reflect the estimated periods during which these assets will remain in service. The estimated useful lives of the improvements and signage that previously averaged forty years were decreased to an average of twenty years, the useful lives of some equipment that previously averaged fifteen years were decreased to an average of ten years, and the estimated useful lives of landscaping improvements that previously averaged fifteen years were increased to an average of twenty years. In addition, the useful lives of some landscaping improvements were increased from an average of five years to an average of twenty years, the useful lives of playground structures were increased from an average of fifteen years to twenty years, some equipment with an average useful life of fifteen years were decreased to five years and one item of equipment had an estimated useful life of ten years was decreased to a five year estimated useful life. The effect of this change in estimate was to increase depreciation expense by \$203,056 and reduce net position by a corresponding amount. The effect was material because the change in estimate caused a number of improvements and signs to be fully depreciated.

**SUPPLEMENTARY INFORMATION  
AND  
REPORTS**



**CRESCENT LAKES COMMON FACILITIES DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis) - General Fund**  
**For the Year Ended September 30, 2019**

	<b>Original Budget Cash Basis (Compiled)</b>	<b>Adjusted Budget Cash Basis (Compiled)</b>	<b>Actual</b>	<b>Variance Favorable/ (Unfavorable) (Compiled)</b>
Budgetary fund balance, October 1	\$ 454,440	\$ 502,781	\$ 502,781	\$ -
<b>REVENUES:</b>				
Special assessments	557,424	557,424	538,586	(18,838)
Investment earnings	1,356	1,356	2,243	887
Total revenues	<u>558,780</u>	<u>558,780</u>	<u>540,829</u>	<u>(17,951)</u>
Total amount available for appropriation	<u>1,013,220</u>	<u>1,061,561</u>	<u>1,043,610</u>	<u>(17,951)</u>
<b>EXPENDITURES:</b>				
General government	81,871	81,059	64,756	16,303
Public safety	173,500	188,500	135,138	53,362
Physical environment	313,481	313,481	224,237	89,244
Transportation	60,000	50,000	43,173	6,827
Culture and recreation	10,000	5,000	23,658	(18,658)
Capital outlay	<u>120,000</u>	<u>169,153</u>	<u>57,628</u>	<u>111,525</u>
Total appropriations	<u>758,852</u>	<u>807,193</u>	<u>548,590</u>	<u>258,603</u>
Excess of Revenues over Expenditures	<u>(200,072)</u>	<u>(248,413)</u>	<u>(7,761)</u>	<u>(276,554)</u>
<b>FUND BALANCE - Ending (non-GAAP Budgetary Basis)</b>	<u>\$ 254,368</u>	<u>\$ 254,368</u>	495,020	<u>240,652</u>
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Expenditure accruals and prepaids			<u>24,844</u>	
<b>FUND BALANCE - Ending (GAAP Basis)</b>			<u>\$ 519,864</u>	

See Auditor's Report.

**Linda M. Lacek, CPA, LLC**  
***Certified Public Accountant***

8512 Suburban Drive  
Orlando, Fl. 32829

407-415-3966  
laceklinda@yahoo.com

**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**

Honorable Board of Supervisors  
Crescent Lakes Common Facilities District  
Kissimmee, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Crescent Lakes Common Facilities District as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Crescent Lakes Common Facilities District's basic financial statements, and have issued my report thereon dated March 30, 2020.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Crescent Lakes Common Facilities 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of Crescent Lakes Common Facilities 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 District'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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Crescent Lakes Common Facilities District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Respectfully submitted,



Recoverable Signature

X

Linda M. Lacek, CPA, LLC

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Linda M. Lacek, CPA

Signed by: Verto Analytics

Orlando, Florida

March 30, 2020

**Linda M. Lacek, CPA, LLC**  
***Certified Public Accountant***

8512 Suburban Drive  
Orlando, Fl. 32829

407-415-3966  
laceklinda@yahoo.com

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE**

Honorable Board of Supervisors  
Crescent Lakes Common Facilities District  
Kissimmee, Florida

I have examined Crescent Lakes Common Facilities District compliance with requirements of Section 218.45 Florida Statutes in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the year ended September 30, 2019. Management is responsible for Crescent Lakes Common Facilities District's compliance with these requirements. My responsibility is to express an opinion on Crescent Lakes Common Facilities District's compliance based on my examination.

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

In my opinion, Crescent Lakes Common Facilities 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 the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, management and the Board of Supervisors of the Crescent Lakes Common Facilities District, Kissimmee, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Recoverable Signature

**X**

Linda M. Lacek, CPA, LLC

Linda M. Lacek, CPA

Signed by: Verto Analytics  
Orlando, Florida  
March 30, 2020

**Linda M. Lacek, CPA, LLC**  
***Certified Public Accountant***

8512 Suburban Drive  
Orlando, Fl. 32829

407-415-3966  
[laceklinda@yahoo.com](mailto:laceklinda@yahoo.com)

**MANAGEMENT LETTER**

Honorable Board of Supervisors  
Crescent Lakes Common Facilities District  
Kissimmee, Florida

**Report of the Financial Statements**

I have audited the financial statements of the Crescent Lakes Common Facilities District, Kissimmee, Florida, as of and for the fiscal year ended September 30, 2019, and have issued my report thereon dated March 30, 2020.

**Auditor's Responsibility**

I conducted my 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 Reports**

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and my Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10,550, Rules of the Auditor General. Disclosures in those reports, which are dated March 30, 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 I 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 findings and recommendations made in the preceding annual financial audit report that required corrective actions.

## **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 statement. The legal authority is disclosed in the notes to the financial statements. There were no component units related to the entity.

## **Financial Condition**

Section 10.554(1)(i)5a and 10.556(7)., Rules of the Auditor General, requires that I apply appropriate procedures and report the results of my determination as to whether or not Crescent Lakes Common Facilities District has met one or more of the conditions described in section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Crescent Lakes Common Facilities District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

## **Special District Component Units**

Section 10.554(1)(i)5d, Rules of the Auditor General, requires that I determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with my audit, I determined that Crescent Lakes Common Facilities District is not a component unit nor does it have component units.

## **Other Matters**

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

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

## Purpose of the Letter

My management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, 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.

Respectfully submitted,



Recoverable Signature

X

Linda M. Lacek, CPA, LLC

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Linda M. Lacek, CPA

Signed by: Verto Analytics

Orlando, Florida

March 30, 2020