

# **Financial Statements**

**September 30, 2021**

**Beacon Lakes Community  
Development District**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
*Beacon Lakes Community Development District*

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the *Beacon Lakes Community Development District* (the "District"), as of and for the year ended September 30, 2021, 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

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of September 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund 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 starting on page 3, 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 a report dated March 30, 2022, 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, grant agreements and other matters. The purpose of that report is solely 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.

*McDiarmid Davis*

Orlando, Florida  
March 30, 2022

Our discussion and analysis of *Beacon Lakes Community Development District's* (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2021. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

### Financial Highlights

- The assets of the District exceeded its liabilities at September 30, 2021 by \$15,216,273, a increase in net position of \$4,065 in comparison with the prior year.
- At September 30, 2021, the District's governmental funds reported a fund balance of \$1,004,806, a decrease of \$2,463 in comparison with the prior year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the *Beacon Lakes Community Development District's* financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

### Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include general government, physical environment, culture and recreation, transportation, and public safety related functions.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: Governmental Funds.

#### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

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

Beacon Lakes Community Development District  
Management's Discussion and Analysis

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The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, which are considered to be major funds.

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

**Notes to Financial Statements**

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

**Government-Wide Financial Analysis**

Statement of Net Position - The District's net position was \$15,216,273 at September 30, 2021. The following analysis focuses on the net position of the District's governmental activities.

	<u>2021</u>	<u>2020</u>
Assets, excluding capital assets	\$ 1,032,822	\$ 1,336,446
Capital Assets, net of depreciation	15,615,563	15,907,218
<b>Total assets</b>	<u>16,648,385</u>	<u>17,243,664</u>
Liabilities, excluding long-term liabilities	30,987	332,277
Long-term liabilities	1,401,125	1,699,179
<b>Total liabilities</b>	<u>1,432,112</u>	<u>2,031,456</u>
Net Position:		
Net investment in capital assets	15,500,563	15,787,218
Restricted for debt service	5,510	11,369
Restricted for capital projects	25,926	26,311
Unrestricted	<u>(315,726)</u>	<u>(612,690)</u>
<b>Total net position</b>	<u>\$ 15,216,273</u>	<u>\$ 15,212,208</u>

Beacon Lakes Community Development District  
**Management's Discussion and Analysis**

The following is a summary of the District's governmental activities for the fiscal years ended September 30:

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues	\$ 1,069,955	\$ 4,102,838
General revenues	2,596	23,538
<b>Total revenues</b>	<u>1,072,551</u>	<u>4,126,376</u>
Expenses:		
General government	165,752	186,738
Physical environment	895,423	711,584
Interest on long-term debt	7,311	7,621
Conveyance of capital assets	-	-
<b>Total expenses</b>	<u>1,068,486</u>	<u>905,943</u>
<b>Change in net position</b>	4,065	3,220,433
Net position, beginning	<u>15,212,208</u>	<u>11,991,775</u>
<b>Net position, ending</b>	<u>\$ 15,216,273</u>	<u>\$ 15,212,208</u>

As noted on the previous page and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2021 was \$1,068,486. The majority of these costs are comprised of physical environment expense.

**Financial Analysis of the Government's Funds**

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus 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. At September 30, 2021, the District's governmental funds reported combined ending fund balances of \$1,004,806. Of this total, \$19,331 is nonspendable, \$34,407 is restricted, \$264,745 is assigned and the remainder of \$686,323 is unassigned.

The general fund balance increase of \$3,910 in the current year was due to increased revenues. The capital projects fund balance and debt service fund balance did not change significantly.

**General Fund Budgetary Highlights**

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There was one amendment to the September 30, 2021 general fund budget. The legal level of budgetary control is at the fund level.

### **Capital Asset and Debt Administration**

#### *Capital Assets*

At September 30, 2021, the District had \$15,615,563 invested in assets, net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

#### *Capital Debt*

At September 30, 2021, the District has \$115,000 in bonds outstanding, and \$1,286,125 notes payable outstanding. More detailed information about the District's capital debt is presented in the notes to the financial statements.

### **Requests for Information**

If you have questions about this report or need additional financial information, contact the *Beacon Lakes Community Development District's* Finance Department at 210 North University Drive, Suite 702, Coral Springs, Florida, 33071.



## FINANCIAL STATEMENTS

Beacon Lakes Community Development District  
**Statement of Net Position**  
September 30, 2021

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 964,937
Miscellaneous receivables	14,147
Prepaid costs	19,187
Deposits	144
Restricted Assets:	
Temporarily restricted investments	34,407
Capital Assets:	
Capital assets, not being depreciated	7,833,702
Capital assets, net of depreciation	<u>7,781,861</u>
<b>Total assets</b>	<u><u>16,648,385</u></u>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	28,016
Accrued Interest Payable	2,971
Noncurrent Liabilities:	
Due within one year	287,395
Due in more than one year	<u>1,113,730</u>
<b>Total liabilities</b>	<u><u>1,432,112</u></u>
<b>Net Position:</b>	
Net investment in capital assets	15,500,563
Restricted for debt service	5,510
Restricted for capital projects	25,926
Unrestricted	<u>(315,726)</u>
<b>Total net position</b>	<u><u>\$ 15,216,273</u></u>

Beacon Lakes Community Development District  
**Statement of Activities**  
Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 165,752	\$ 119,811	\$ -	\$ -
Physical environment	895,423	647,240	-	-
Interest on long-term debt	7,311	302,904	-	-
<b>Total governmental activities</b>	<b>\$ 1,068,486</b>	<b>\$ 1,069,955</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General Revenues:</b>				
Investment and miscellaneous				2,596
<b>Total general revenues</b>				<b>2,596</b>
<b>Change in net position</b>				<b>4,065</b>
Net position, beginning				15,212,208
<b>Net position, ending</b>				<b>\$ 15,216,273</b>

Beacon Lakes Community Development District  
**Balance Sheet - Governmental Funds**  
September 30, 2021

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 964,937	\$ -	\$ -	\$ 964,937
Investments	-	8,481	25,926	34,407
Miscellaneous receivables	14,147	-	-	14,147
Prepaid costs	19,187	-	-	19,187
Deposits	144	-	-	144
<b>Total assets</b>	<u>\$ 998,415</u>	<u>\$ 8,481</u>	<u>\$ 25,926</u>	<u>\$ 1,032,822</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable and accrued expenses	28,016	\$ -	\$ -	\$ 28,016
<b>Total liabilities</b>	<u>28,016</u>	<u>-</u>	<u>-</u>	<u>28,016</u>
<b>Fund Balances:</b>				
Nonspendable	19,331	-	-	19,331
Restricted for:				
Debt service	-	8,481	-	8,481
Capital projects	-	-	25,926	25,926
Assigned for:				
Operating reserves	192,468	-	-	192,468
Renewal and replacement	72,277	-	-	72,277
Unassigned	686,323	-	-	686,323
<b>Total fund balances</b>	<u>970,399</u>	<u>8,481</u>	<u>25,926</u>	1,004,806
<b>Total liabilities and fund balances</b>	<u>\$ 998,415</u>	<u>\$ 8,481</u>	<u>\$ 25,926</u>	

**Amounts reported for governmental activities in the statement of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,615,563
Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.		
Accrued interest payable	(2,971)	
Bonds and note payable	<u>(1,401,125)</u>	<u>(1,404,096)</u>
<b>Net Position of Governmental Activities</b>		<u>\$ 15,216,273</u>

Beacon Lakes Community Development District  
**Statement of Revenues, Expenditures and Changes in the Fund Balances**  
**Governmental Funds**  
Year Ended September 30, 2021

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues</b>				
Special assessments	\$ 767,051	\$ 302,904	\$ -	\$ 1,069,955
Investment and miscellaneous income	2,595	-	1	2,596
<b>Total revenues</b>	<u>769,646</u>	<u>302,904</u>	<u>1</u>	<u>1,072,551</u>
<b>Expenditures</b>				
Current:				
General government	162,723	3,029	-	165,752
Physical environment	603,013	-	-	603,013
Debt service:				
Principal	-	298,054	-	298,054
Interest	-	7,440	-	7,440
Capital outlay	-	-	755	755
<b>Total expenditures</b>	<u>765,736</u>	<u>308,523</u>	<u>755</u>	<u>1,075,014</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>3,910</u>	<u>(5,619)</u>	<u>(754)</u>	<u>(2,463)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	369	369
Transfers out	-	(369)	-	(369)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(369)</u>	<u>369</u>	<u>-</u>
<b>Net change in fund balances</b>	3,910	(5,988)	(385)	(2,463)
Fund balances, beginning of year	966,489	14,469	26,311	1,007,269
<b>Fund balances, end of year</b>	<u>\$ 970,399</u>	<u>\$ 8,481</u>	<u>\$ 25,926</u>	<u>\$ 1,004,806</u>

Beacon Lakes Community Development District  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities**  
 Year Ended September 30, 2021

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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$	(2,463)
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Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources; however, in the statement of net position the cost of those assets is recorded as capital assets. Depreciation on capital assets is not recognized in the governmental fund statement; however, it is reported as an expense in the statement of activities.

Depreciation expense	(291,655)	(291,655)
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Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.	298,054
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest	129
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 4,065</b>
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Beacon Lakes Community Development District  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ 762,873	\$ 762,873	\$ 767,051	\$ 4,178
Investment and miscellaneous income	7,000	7,000	2,595	(4,405)
<b>Total revenues</b>	<b>769,873</b>	<b>769,873</b>	<b>769,646</b>	<b>(227)</b>
<b>Expenditures</b>				
Current:				
General government	171,032	171,032	162,723	8,309
Physical environment	598,841	598,841	603,013	(4,172)
<b>Total expenditures</b>	<b>769,873</b>	<b>769,873</b>	<b>765,736</b>	<b>4,137</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>3,910</b>	<b>3,910</b>
Fund balance, beginning	966,489	966,489	966,489	-
<b>Fund balance, ending</b>	<b>\$ 966,489</b>	<b>\$ 966,489</b>	<b>\$ 970,399</b>	<b>\$ 3,910</b>

NOTES TO FINANCIAL STATEMENTS



## NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

The *Beacon Lakes Community Development District*, (the "District") was established on May 6, 2003 by Miami-Dade County Ordinance #03-105 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190 Florida Statutes. The Act provides, among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors (the Board), which is composed of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the 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.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements 14, 39, and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

### Government-Wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants, contributions and investment income that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

### Measurement Focus, Basis of Accounting and Financial Statement 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 related cash flows. Assessments are recognized as revenues in the year for which they are levied.

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 are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures are recorded only when payment is due.

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

The District reports the following governmental funds, which are considered to be major funds:

*General Fund* - is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Debt Service Fund* - accounts for the accumulation of resources for the annual payment of principal and interest on long-term debt.

*Capital Projects Fund* - accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

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

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

*Restricted Assets*

These assets represent cash and investments set aside pursuant to bond covenants.

*Deposits and Investments*

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

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The District's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

*Prepaid Items*

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.

*Accounts Receivable*

Accounts receivable are shown net of an allowance for uncollectible amounts.

*Capital Assets*

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

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

<u>Assets</u>	<u>Years</u>
Improvements	10 - 20
Infrastructure	10 - 40

*Long Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts.

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

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2021.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2021.

*Net Position Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted- net position and unrestricted- net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted-net position is applied.

*Fund Balance Flow Assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above and additional action is essential to either remove or revise a commitment.

**Other Disclosures**

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**New Accounting Standards**

In fiscal year 2021, the District has not implemented any new accounting standards with a material effect on the District's financial statements.

**NOTE 2                   STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

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

1. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. All budget changes must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**NOTE 3 DEPOSITS AND INVESTMENTS**

**Deposits**

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

**Investments**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transaction involving identical or similar assets, liabilities or groups of assets and liabilities.

Under GASB 72, assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

The District has the following recurring fair value measurements as of September 30, 2021:

- Commercial paper of \$34,407 are valued using level 2 inputs

Instead of establishing a written investment policy, the District elected to limit investments to those approved by Florida Statutes and the District Trust Indenture. Authorized District investments include, but are not limited to:

1. The Local Government Surplus Funds Trust Fund (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury;

Investments made by the District at September 30, 2021 are summarized below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
US Bank Commercial Paper	\$ 34,407	A-1 +	NA
Money Market Funds	921,023	NA	NA
	<u>\$ 955,430</u>		

*Credit Risk:*

The District's limits credit risk by restricting authorized investments to those described which are either backed by the full faith and credit of the United States Government or maintain the highest credit quality ratings of Moody's or S&P.

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

*Custodial Credit Risk:*

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2021, all of the District's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2021, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

*Concentration of Credit Risk:*

There is no limit on the amount the District may invest in any one issuer.

*Interest Rate Risk:*

The District does not specifically address interest rate risk; however, their practice is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The District invests to provide sufficient liquidity to pay obligations as they come due.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land and land improvements	\$ 7,833,702	\$ -	\$ -	\$ 7,833,702
<b>Total capital assets not being depreciated</b>	<b>7,833,702</b>	<b>-</b>	<b>-</b>	<b>7,833,702</b>
Capital Assets Being Depreciated:				
Improvements	25,525	-	-	25,525
Infrastructure	8,467,482	-	-	8,467,482
<b>Total capital assets being depreciated</b>	<b>8,493,007</b>	<b>-</b>	<b>-</b>	<b>8,493,007</b>
Less Accumulated Depreciation for:				
Building and improvements	(17,159)	(1,702)	-	(18,861)
Infrastructure	(402,332)	(289,953)	-	(692,285)
<b>Total accumulated depreciation</b>	<b>(419,491)</b>	<b>(291,655)</b>	<b>-</b>	<b>(711,146)</b>
<b>Total capital assets being depreciated, net</b>	<b>8,073,516</b>	<b>(291,655)</b>	<b>-</b>	<b>7,781,861</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 15,907,218</b>	<b>\$ (291,655)</b>	<b>\$ -</b>	<b>\$ 15,615,563</b>

Depreciation was charged to physical environment expense.

**NOTE 5 LONG-TERM LIABILITIES**

**Series 2007B Special Assessment Revenue Bonds - Public Offering**

In August 2007, the District issued \$8,580,000 of Special Assessments Bonds, Series 2007B. The bond consists of interest at 6.2%, maturing May 1, 2009 thru May 1, 2038, payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners.

The Series 2007B Bonds is subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2017, at a redemption price set in the Bond indenture. The Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond indenture.

The Bond indenture established certain amounts be maintained in a reserve account. In addition, the Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to the property owners. The District agrees to levy special assessments in annual amounts adequate to provide debt service and to meet the reserve requirements. The requirement was met at September 30, 2021.

As of September 30, 2021, total principal and interest remaining on the Series 2007B Bonds totaled \$189,400. For the year ended September 30, 2021, principal and interest of \$12,440 was paid and special revenue pledged was \$93,219.

The annual requirements to amortize the principal and interest of 2007B bonded debt outstanding as of September 30, 2021 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 5,000	\$ 7,130
2023	5,000	6,820
2024	5,000	6,510
2025	5,000	6,200
2026	5,000	5,890
2027-2031	25,000	24,800
2032-2036	45,000	15,190
2037-2038	20,000	1,860
	<u>\$ 115,000</u>	<u>\$ 74,400</u>

**Notes Payable to Landowners**

As a result of excess special assessment prepayments by the landowners, the District owed the landowners \$1,365,633 and \$1,034,380 in assessments related to the Series 2003A and Series 2007 Special Assessment Bonds, respectively. In a prior year, the Series 2007 Special Assessment Bond repayment to landowners schedule was amended and refund payments began in fiscal year 2016. The liabilities will be paid from excess reserve funds and annual special assessments. There is no interest on these notes payable.

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

The annual payments to amortize the principal of the notes payable to the landowners outstanding as of September 30, 2021 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Series 2003</u>	<u>Series 2007</u>	<u>Total</u>
2022	\$ 204,503	\$ 77,892	\$ 282,395
2023	204,503	77,892	282,395
2024	127,400	77,892	205,292
2025	-	77,892	77,892
2026	-	77,892	77,892
2027-2031	-	360,259	360,259
	<u>\$ 536,406</u>	<u>\$ 749,719</u>	<u>\$ 1,286,125</u>

Long-term debt activity for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
Revenue Bond Series 2007B - direct borrowing	\$ 120,000	\$ -	\$ (5,000)	\$ 115,000	\$ 5,000
Notes Payable to Landowners - direct payment	<u>1,579,179</u>	<u>-</u>	<u>(293,054)</u>	<u>1,286,125</u>	<u>282,395</u>
Governmental activity long-term liabilities	<u>\$ 1,699,179</u>	<u>\$ -</u>	<u>\$ (298,054)</u>	<u>\$ 1,401,125</u>	<u>\$ 287,395</u>

**NOTE 6 RELATED PARTY TRANSACTIONS**

All voting members of the board of supervisors are employed by the District's property management company. Payments made to the property management company for property management services and refunds to landowner total \$48,000 and \$15,561, respectively, during the fiscal year end September 30, 2021.

**NOTE 7 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. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage since inception of the District.

**NOTE 8 SUBSEQUENT EVENTS**

Subsequent to year end, the District received prepayments of approximately \$528,000 from a significant landowner. A portion of that amount, \$52,400 will be used to prepay the outstanding 2007 bond, \$159,600 and \$316,300 will be used to pay back the landowners for prior debt service overpayments on the 2003 and 2007 bonds respectively.



COMPLIANCE SECTION



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

To the Board of Supervisors  
*Beacon Lakes Community Development District*

We have audited, 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, the financial statements of the governmental activities, and each major fund of the *Beacon Lakes Community Development District* (the "District") as of and for the year ended September 30, 2021, 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 30, 2022.

**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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

*McDermitt Davis*

Orlando, Florida  
March 30, 2022

## MANAGEMENT LETTER

Board of Supervisors  
*Beacon Lakes Community Development District*

### Report on the Financial Statements

We have audited the financial statements of the *Beacon Lakes Community Development District*, (the "District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 30, 2022.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, rules of the Auditor General. Disclosures in those reports, which are dated March 30, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### 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. This information has been disclosed in the notes to the financial statements.

### Financial Condition and Management

Section 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 of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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.

### Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as zero.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 8.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$188,256.

- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as not applicable
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final budget under Section 189.016(6), Florida Statutes, included in the general fund budget statement.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the district reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the district as general fund- \$2,234.78; debt service series 2003- \$13,622.82; debt service series 2007- \$6,056.24.
- b. The total amount of special assessments collected by or on behalf of the district as \$1,059,257.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds is disclosed in the notes to financial statements.

#### **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 the 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.

*McDiarmid Davis*

Orlando, Florida  
March 30, 2022



934 North Magnolia Avenue, Suite 100  
Orlando, Florida 32803  
407-843-5406  
www.mcderrimtdavis.com

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

Board of Supervisors  
*Beacon Lakes Community Development District*

We have examined Beacon Lakes Community Development District's (the District) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

*McDermitt Davis*

Orlando, Florida  
March 30, 2022