

**Stoneybrook West Community  
Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2010**

**Stoneybrook West Community Development District**

**ANNUAL FINANCIAL REPORT**

Fiscal Year Ended September 30, 2010

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# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## **Report of Independent Auditors**

To the Board of Supervisors  
Stoneybrook West Community Development District  
Orange County, Florida

We have audited the accompanying basic financial statements of Stoneybrook West Community Development District (the "District") as of and for the year ended September 30, 2010, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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, 2010, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

To the Board of Supervisors  
Stoneybrook West Community Development District

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011

**Stoneybrook West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

Management's discussion and analysis of Stoneybrook West Community Development District (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to 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 financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net assets** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net assets of governmental activities and the change in net assets. Governmental activities are primarily supported by special assessments.

The **statement of net assets** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net assets. Net assets are reported in three categories; 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Assets, liabilities, and net assets are reported for all Governmental activities.

**The statement of activities** presents information on all revenues and expenses of the District and the change in net assets. Expenses are reported by major function and program revenues relating to those functions are reported, providing 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, physical environment and debt service.

*Fund financial statements* present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Stoneybrook West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including land, buildings and improvements, and infrastructure are reported in the **statement of net assets**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2010.

- ◆ The District's total assets exceeded total liabilities by \$8,516,541 (net assets). Unrestricted net assets for Governmental Activities were \$240,889. Governmental Activities restricted net assets were \$76,630 and invested in capital assets, net were \$8,199,022.
- ◆ Governmental activities revenues totaled \$845,014 while governmental activities expenses totaled \$1,269,624.

**Stoneybrook West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net assets of the District and is presented by category for comparison purposes.

**Net Assets**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Current assets	\$ 251,093	\$ 273,332
Restricted assets	448,676	432,284
Capital assets, net	14,583,716	15,190,527
Other non-current assets	309,616	330,566
Total Assets	15,593,101	16,226,709
Current liabilities	380,059	409,409
Non-current liabilities	6,696,501	6,876,149
Total Liabilities	7,076,560	7,285,558
Net assets - invested in capital assets, net of related debt	8,199,022	8,656,120
Net assets - restricted	76,630	57,128
Net assets - unrestricted	240,889	227,903
Total Net Assets	\$ 8,516,541	\$ 8,941,151 *

\*- Restated

The decrease in total assets is primarily associated with depreciation and amortization expense for the year.

The decrease in total liabilities is the result of principal and interest payments during the year.

**Stoneybrook West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the changes in net assets of the District and is presented by category for comparison purposes.

**Change In Net Assets**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Program Revenues		
Charges for services	\$ 842,146	\$ 792,780
General Revenues		
Investment earnings	2,825	3,221
Miscellaneous revenues	43	
Total Revenues	<u>845,014</u>	<u>796,001</u>
Expenses		
General government	94,688	86,603
Physical environment	716,527	606,811
Interest on long-term debt	458,409	455,781
Total Expenses	<u>1,269,624</u>	<u>1,149,195</u>
Change in Net Assets	(424,610)	(353,194)
Net Assets - Beginning of Year	<u>8,941,151</u>	<u>9,294,345</u>
Net Assets - End of Year	<u>\$ 8,516,541</u>	<u>\$ 8,941,151</u> *

\* - Restated

The increase in total revenues is primarily due to the change in the treatment of the HOA agreement.

The increase in total expenses is primarily due to the change in the treatment of the HOA agreement as well as higher operating cost during the year.

**Stoneybrook West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2010 and 2009.

<u>Description</u>	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
Infrastructure	\$ 16,848,147	\$ 16,848,147
Accumulated depreciation	<u>(2,264,431)</u>	<u>(1,657,620)</u>
Total Capital Assets (Net)	<u>\$ 14,583,716</u>	<u>\$ 15,190,527</u>

During the year depreciation expense of \$606,811 was charged to physical environment.

**General Fund Budgetary Highlights**

Actual governmental expenditures were less than final budget amounts primarily because of lower operating costs than anticipated.

The budget was amended to re-appropriate revenues and expenditures approved during the fiscal year.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In September 2005, the District issued \$1,040,000 Series 2005 Special Assessment Revenue Bonds. These bonds were issued to fund the construction and installation of certain master infrastructure improvements within certain areas of the District. The balance outstanding at September 30, 2010 was \$925,000.
- ◆ In July 2008, the District issued \$6,920,000 Series 2008 Special Assessment Revenue Refunding Bonds. These bonds were issued to refund and defease all of the District's Outstanding Special Assessment Revenue Bonds, Series 2000A. The balance outstanding at September 30, 2010 was \$6,600,000.

**Stoneybrook West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

**Economic Factors and Next Year's Budget**

Stoneybrook West Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2011.

**Request for Information**

The financial report is designed to provide a general overview of Stoneybrook West Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Stoneybrook West Community Development District, Severn Trent Environmental Services, Inc., 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

**Stoneybrook West Community Development District**  
**STATEMENT OF NET ASSETS**  
**September 30, 2010**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and equivalents	\$ 38,771
Investments	201,275
Assessments receivable	1,578
Due from other governments	141
Prepaid expenses	9,328
Total Current Assets	<u>251,093</u>
Non-current Assets:	
Restricted assets:	
Investments	448,676
Bond issuance cost:	
Capital assets being depreciated:	
Infrastructure	16,848,147
Less: accumulated depreciation	<u>(2,264,431)</u>
Total Non-current Assets	<u>15,342,008</u>
Total Assets	<u>15,593,101</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued expenses	29,882
Accrued interest	160,177
Bonds payable	190,000
Total Current Liabilities	<u>380,059</u>
Non-current liabilities:	
Bonds payable	<u>6,696,501</u>
Total Liabilities	<u>7,076,560</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	8,199,022
Restricted for debt service	76,630
Unrestricted	240,889
Total Net Assets	<u><u>\$ 8,516,541</u></u>

*See accompanying notes.*

**Stoneybrook West Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Assets Governmental Activities</u>
Governmental Activities			
General government	\$ (94,688)	\$ 25,481	\$ (69,207)
Physical environment	(716,527)	192,819	(523,708)
Interest on long-term debt	(458,409)	623,846	165,437
<b>Total Governmental Activities</b>	<b><u>\$ (1,269,624)</u></b>	<b><u>\$ 842,146</u></b>	<b><u>(427,478)</u></b>
	<b>General revenues:</b>		
			2,825
			43
		Total General Revenues	<u>2,868</u>
		Change in Net Assets	(424,610)
		Net Assets - October 1, 2009	8,941,151
		Net Assets - September 30, 2010	<u><u>\$ 8,516,541</u></u>

See accompanying notes.

**Stoneybrook West Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2010**

ASSETS	General	2005 Debt Service	2008 Debt Service	2005 Capital Projects	Total Governmental Funds
Cash	\$ 38,771	\$ -	\$ -	\$ -	\$ 38,771
Investments	201,275	-	-	-	201,275
Assessments receivable	426	147	1,005	-	1,578
Prepaid expenses	9,328	-	-	-	9,328
Due from other governments	38	13	90	-	141
Restricted assets:					
Investments, at fair value	-	104,595	323,148	20,933	448,676
Total Assets	<u>\$ 249,838</u>	<u>\$ 104,755</u>	<u>\$ 324,243</u>	<u>\$ 20,933</u>	<u>\$ 699,769</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 29,882	\$ -	\$ -	\$ -	\$ 29,882
Deferred revenues	142	49	335	-	526
Total Liabilities	<u>30,024</u>	<u>49</u>	<u>335</u>	<u>-</u>	<u>30,408</u>
FUND BALANCES					
Reserved for debt service	-	104,706	323,908	-	428,614
Reserved for capital projects	-	-	-	20,933	20,933
Board designated	158,808	-	-	-	158,808
Unreserved and undesignated	61,006	-	-	-	61,006
Total Fund Balances	<u>219,814</u>	<u>104,706</u>	<u>323,908</u>	<u>20,933</u>	<u>669,361</u>
Total Liabilities and Fund Balances	<u>\$ 249,838</u>	<u>\$ 104,755</u>	<u>\$ 324,243</u>	<u>\$ 20,933</u>	<u>\$ 699,769</u>

See accompanying notes.

**Stoneybrook West Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2010**

Total Governmental Fund Balances	\$	669,361
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets being depreciated (infrastructure (\$16,848,147) and accumulated depreciation (\$2,264,431)) used in governmental activities are not financial resources and therefore, are not reported in the funds.		14,583,716
Bond issuance costs (\$360,446), net of amortization (\$50,830) used in governmental activities are not financial resources and therefore, are not reported in the funds.		309,616
Long-term liabilities, including bonds payable (\$7,525,000) net of deferred amount on refunding (\$606,066) and bond discount (\$32,433) are not due and payable in the current period and therefore, are not reported in the funds.		(6,886,501)
Certain special assessment receivables were not collected within 60 days of year end and thus, are not financial resources in the current period and; therefore, are reported as deferred revenues in the funds statements.		526
Accrued interest expense for general long-term debt is not a financial use and therefore, is not reported in the funds.		(160,177)
Net Assets of Governmental Activities	<u>\$</u>	<u>8,516,541</u>

*See accompanying notes.*

**Stoneybrook West Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2010**

	General	2000 Debt Service	2005 Debt Service	2008 Debt Service	2005 Capital Projects	Totals Governmental Funds
<b>Revenues</b>						
Special assessments	\$ 218,158	\$ -	\$ 109,129	\$ 514,333	\$ -	\$ 841,620
Investment earnings	2,624	-	54	130	17	2,825
Miscellaneous revenues	-	43	-	-	-	43
Total Revenues	<u>220,782</u>	<u>43</u>	<u>109,183</u>	<u>514,463</u>	<u>17</u>	<u>844,488</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	94,688	-	-	-	-	94,688
Physical environment	109,716	-	-	-	-	109,716
<b>Debt service</b>						
Principal	-	5,000	50,000	165,000	-	220,000
Interest	-	323	56,550	338,743	-	395,616
Other	-	-	146	1,008	-	1,154
Total Expenditures	<u>204,404</u>	<u>5,323</u>	<u>106,696</u>	<u>504,751</u>	<u>-</u>	<u>821,174</u>
Net change in fund balances	16,378	(5,280)	2,487	9,712	17	23,314
<b>Other financing sources (uses)</b>						
Operating transfers in	-	3,551	-	-	-	3,551
Operating transfers out	(3,551)	-	-	-	-	(3,551)
Total Other Financing Sources (Uses)	<u>(3,551)</u>	<u>3,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	12,827	(1,729)	2,487	9,712	17	23,314
Fund Balances - October 1, 2009	<u>206,987</u>	<u>1,729</u>	<u>102,219</u>	<u>314,196</u>	<u>20,916</u>	<u>646,047</u>
Fund Balances - September 30, 2010	<u>\$ 219,814</u>	<u>\$ -</u>	<u>\$ 104,706</u>	<u>\$ 323,908</u>	<u>\$ 20,933</u>	<u>\$ 669,361</u>

See accompanying notes.

**Stoneybrook West Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2010**

Net Change in Fund Balances - Total Governmental Funds \$ 23,314

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

Governmental funds report capital outlays and bond issuance costs as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount of depreciation expense in the current period. (606,811)

Governmental funds report bond issuance costs as expenditures. However, in the Statement of Activities, the cost of those assets are allocated based on an effective interest rate as amortization expense. This is the amount of amortization expense in the current period. (20,950)

Repayment of bond principal (\$220,000) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 220,000

Governmental funds report bond discounts as expenditures. However, in the Statement of Activities, the cost of those assets are allocated based on an effective interest rate as amortization expense. This is the amount of amortization expense in the current year. (6,736)

The deferred amount of refunding is a deferred liability and is amortized in the Statement of Activities, but not in the governmental funds. This is the amount of amortization expense in the current year. (38,616)

In the statement of activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net amount between the prior year and the current year accruals. 4,663

Revenues in the statement of activities that do not provide current financial resources are deferred in the governmental fund statements. This is the change in deferred revenues in the current period. 526

Change in Net Assets of Governmental Activities \$ (424,610)

*See accompanying notes.*

**Stoneybrook West Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**For the Year Ended September 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Special assessments	\$ 216,602	\$ 217,978	\$ 218,158	\$ 180
Investment earnings	800	2,623	2,624	1
Total Revenues	<u>217,402</u>	<u>220,601</u>	<u>220,782</u>	<u>181</u>
Expenditures				
Current				
General government	86,417	99,688	94,688	5,000
Physical environment	130,985	130,985	109,716	21,269
Total Expenditures	<u>217,402</u>	<u>230,673</u>	<u>204,404</u>	<u>26,269</u>
Net change in fund balances	-	(10,072)	16,378	26,450
Other financing sources (uses)				
Operating transfers out	<u>-</u>	<u>(3,551)</u>	<u>(3,551)</u>	<u>-</u>
Net change in fund balances	-	(13,623)	12,827	26,450
Fund Balances - October 1, 2009	<u>-</u>	<u>13,623</u>	<u>206,987</u>	<u>193,364</u>
Fund Balances - September 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$219,814</u>	<u>\$ 219,814</u>

See accompanying notes.

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Stoneybrook West Community Development District (the District) have been prepared in conformity with generally accepted accounting principles (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 District's more significant accounting policies are described below.

**1. Reporting Entity**

The District was established on November 11, 1999 by the City Commission of Winter Garden, Florida pursuant to City Ordinance 99-60 and the provisions of the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, water supply, sewer and waste water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Stoneybrook West Community Development District. The District is governed by a five-member Board of Supervisors, who are elected for terms of four years. The District operates within the criteria established by Chapter 190.

The District encompasses approximately 814 acres within Stoneybrook West (the Development). The District is located in Winter Garden, Florida and is a planned unit development being developed by U.S. Homes Corporation (the Developer).

The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters. As required by GAAP, these financial statements present the Stoneybrook West Community Development District (the primary government) as a stand-alone government.

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 14, the financial reporting entity, the District has identified no component units.

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities which normally are supported by special assessments, developer assessments and interest, are reported separately from business-type activities. Program revenues include charges for services, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

When both restricted and unrestricted resources are combined in a fund, qualified expenses are considered to be paid first from restricted resources, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund - The 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.

2000 Debt Service Fund - Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bond series is secured by a pledge of debt service special assessment revenues in any fiscal year related to the improvements. A lien is placed on all benefited land in relationship to the debt outstanding.

2005 Debt Service Fund - Accounts for debt service requirements to retire certain special assessment bonds which were used to finance the construction of District infrastructure improvements and finance certain additional improvements. The bond series is secured by a pledge of debt service special assessment revenues in any fiscal year related to the improvements. A lien is placed on all benefited land in relationship to the debt outstanding.

2008 Debt Service Fund - Accounts for debt service requirements to retire certain special assessment bonds which were used to finance the construction of District infrastructure improvements and finance certain additional improvements. The bond series is secured by a pledge of debt service special assessment revenues in any fiscal year related to the improvements. A lien is placed on all benefited land in relationship to the debt outstanding.

2005 Capital Projects Fund - The Capital Project Fund accounts for construction of infrastructure improvements within the boundaries of the district, which is funded by bond proceeds of the 2005 Series Bond. A lien is placed on all benefited land in relationship to the debt outstanding.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as special assessment bonds, be reported in the governmental activities column in the government-wide statement of net assets.

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities and Net Assets or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

**b. Restricted Assets**

Certain net assets of the District are classified as restricted assets on the statement of net assets because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net assets and then from unrestricted net assets.

**c. Capital Assets**

Capital assets, which include land and improvements, buildings and infrastructure, are reported in the applicable governmental activities column.

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities and Net Assets or Equity (Continued)**

**c. Capital Assets (Continued)**

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Infrastructure	20-40 years
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**d. Bond Issuance Costs**

Bond issuance costs and legal fees associated with the issuance of bonds are amortized over the life of the bonds using the effective interest rate method of accounting.

**e. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget variance columns of the accompanying financial statements may occur.

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets**

“Total fund balances” of the District’s governmental funds (\$669,361) differs from “net assets” of governmental activities (\$8,516,541) reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets (Continued)**

**Capital related items**

When capital assets (property, plant and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the statement of net assets included those capital assets among the assets of the District as a whole.

Infrastructure	\$ 16,848,147
Accumulated depreciation	<u>(2,264,431)</u>
Total	<u>\$ 14,583,716</u>

**Bond issuance costs**

Bond issuance costs are reported as expenditures in the year paid at the funds level. In the statement of net assets bond issuance costs are capitalized as an other asset and amortized as interest over the life of the bond.

Bond issuance costs	\$ 360,446
Accumulated amortization	<u>(50,830)</u>
Total	<u>\$ 309,616</u>

**Long-term debt transactions**

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at September 30, 2010 were:

Bonds payable	\$ (7,525,000)
Deferred amount on refunding, net	606,066
Bond Discount, net	<u>32,433</u>
Total	<u>\$ (6,886,501)</u>

**Accrued interest**

Accrued liabilities in the statement of net assets differ from the amount reported in governmental funds due to accrued interest on bonds.

Accrued interest on bonds payable	<u>\$ (160,177)</u>
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**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets (Continued)**

**Unearned revenues**

Unearned revenues in the statement of net assets differ from the amount reported in the governmental funds due to special assessment receivables. Governmental funds financial statements report unearned revenues or revenues which are measurable but not available as deferred revenues. However, unearned revenues in governmental funds are susceptible to full accrual on government-wide financial statements.

Unearned revenues	\$ <u>526</u>
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**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds (\$(23,314)) differs from the “change in net assets” for governmental activities (\$(424,610)) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Depreciation expense	\$ <u>(606,811)</u>
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**Bond issuance costs**

When bond issuance costs used in governmental activities are expended, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as amortization costs. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of amortization expense charged for the year.

Amortization expense	\$ <u>(20,950)</u>
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**Stoneybrook West Community Development District  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2010**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)**

**Long-term debt transactions**

Repayments of bond principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Debt principal payments, net of	\$	220,000
Bond discount amortization		(6,736)
Deferred amount on refunding amortization		<u>(38,616)</u>
Total		<u>\$ 174,648</u>

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	\$	<u>(4,663)</u>
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**Unearned Revenues**

Deferred revenues (special assessments) reported in the governmental funds have been recognized as revenues in the current fiscal year in the statement of activities.

Deferred revenues	\$	<u>526</u>
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**NOTE C - CASH AND INVESTMENTS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2010, the District's bank balance was \$50,146 and the carrying value was \$38,771. Exposure to custodial credit risk was as follows. The District 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 Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE C - CASH AND INVESTMENTS (CONTINUED)**

As of September 30, 2010, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturity Date</u>	<u>Fair Value</u>	<u>Book Value</u>
Fidelity Insti Prime Mmkt Port	N/A	\$ 118,395	\$ 118,395
US Treasury Bill	N/A	236,983	236,804
US Tresury Note	N/A	93,352	93,473
Commercial Paper	N/A	4	4
Money Markets	N/A	201,275	201,275
Total		<u>\$ 650,009</u>	<u>\$ 649,951</u>

Interest Rate Risk

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

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2010, the District's investment in U.S. Treasury Notes were rated AAA by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in Fidelity Prime Money Markets are 18% of the District's total investments. The investments in US Treasury Bills are 36% of the District's total investments. The investments in US Treasury Notes are 14% of the District's total investments. The investments in Money Market Accounts are 31% of the District's total investments. The remaining investments in Commercial Paper are less than 1% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2010 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary. The Local Government Surplus Funds Trust is not rated.

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE D – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2009-2010 fiscal year were levied in October 2009. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on, or prior to, June 1; therefore, there were no material taxes receivable at fiscal year end.

**NOTE E – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Infrastructure	<u>\$ 16,848,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,848,147</u>
Less accumulated depreciation for:				
Infrastructure	<u>(1,657,620)</u>	<u>(606,811)</u>	<u>-</u>	<u>(2,264,431)</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,190,527</u>	<u>\$ (606,811)</u>	<u>\$ -</u>	<u>\$ 14,583,716</u>
Governmental Activities Capital Assets	<u>\$ 15,190,527</u>	<u>\$ (606,811)</u>	<u>\$ -</u>	<u>\$ 14,583,716</u>

Depreciation expense in the amount of \$606,811 was charged to physical environment.

**NOTE F - LONG-TERM DEBT**

The following is a summary of activity for long-term debt of the District for the year ended September 30, 2010:

Long-term debt at October 1, 2009	\$ 7,745,000
Principal payments	<u>(220,000)</u>
Long-term debt at September 30, 2010	7,525,000
Less: Deferred amount on refunding, net	606,066
Bond discount, net	<u>32,433</u>
Bonds Payable, Net	<u>\$ 6,886,501</u>

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE F - LONG-TERM DEBT (CONTINUED)**

**Special Assessment Debt with Governmental Commitment**

Long-term debt is comprised of the following:

<p>\$1,040,000 Series 2005 Capital Improvement Revenue Bonds due in annual principal installments beginning May 2006, maturing in May 2035. Interest at a rate of 5.80% is due May and November beginning November 2005.</p>	<p>\$ 925,000</p>
<p>\$6,920,000 Series 2008 Special Assessment Revenue Refunding Bonds due in annual principal installments beginning May 2008, maturing in May 2032. Interest is due semi-annually on May 1 and November 1, beginning November 1, 2008, at a rate of 4.830% on the \$5,130,000 bonds, with a maturity date of May 1, 2028 and 5.50% on the \$1,790,000 bonds, with a maturity date of May 1, 2032.</p>	<p>6,600,000</p>
<p>Bond Discount, net</p>	<p>(32,433)</p>
<p>Deferred amount on refunding, net</p>	<p><u>(606,066)</u></p>
<p>Total</p>	<p><u>\$ 6,886,501</u></p>

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2010 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 190,000	\$ 384,423	\$ 574,423
2012	200,000	375,052	575,052
2013	210,000	365,198	575,198
2014	220,000	354,861	574,861
2015	230,000	344,041	574,041
2016-2020	1,345,000	1,537,569	2,882,569
2021-2025	1,715,000	1,171,859	2,886,859
2026-2030	2,185,000	702,060	2,887,060
2031-2035	<u>1,230,000</u>	<u>129,690</u>	<u>1,359,690</u>
Totals	<u>\$ 7,525,000</u>	<u>\$ 5,364,753</u>	<u>\$ 12,889,753</u>

**Stoneybrook West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE F - LONG-TERM DEBT (CONTINUED)**

Summary of Significant Bonds Resolution Terms and Covenants

The District levies special assessments pursuant to Section 190.022, Florida Statutes and the assessment rolls are approved by resolutions of the District Board. The collections are to be strictly accounted for and applied to the debt service of the bond series for which they were levied. The District covenants to levy special assessments in annual amounts adequate to provide for payment of principal and interest on the bonds. However, payment of principal and interest is dependent on the money available in the debt service fund and the District's ability to collect special assessments levied.

The bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date, or in part on an interest payment date, without premium, together with accrued interest to the redemption date if monies are available to retire the debt in accordance with the provisions of the indenture.

The bond resolution and the trust indenture provide for the establishment of certain accounts and an order in which revenues are to be deposited into these accounts. The accounts include a construction, revenue, redemption, reserve, interest and prepayment account and are maintained by a trustee.

The bond indenture provides for Debt Service Reserve Funds, which shall be held by the Trustee separate and apart from all other funds. The following is a schedule of reserve requirements and balances in the reserve accounts at September 30, 2010:

	Reserve Balance	Reserve Requirement	
Series 2005	\$ 70,988	\$ 67,062	
Series 2008	125,129	125,129	

**NOTE G - RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

**NOTE H – FUND BALANCE/ NET ASSET RESTATEMENT**

Beginning fund balance and net assets were restated to properly reflect assessment revenue in the prior year:

General Fund	
Fund Balance, October 1, 2009	\$ 198,742
Restatement	<u>8,245</u>
Fund Balance, Restated October 1, 2009	<u>\$ 206,987</u>
Governmental Activities	
Net Assets, October 1, 2009	\$ 8,932,906
Restatement	<u>8,245</u>
Net Assets, Restated October 1, 2009	<u>\$ 8,941,151</u>



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**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  
Stoneybrook West Community Development District  
Orange County, Florida

We have audited the financial statements of Stoneybrook West Community Development District as of and for the year ended September 30, 2010, and have issued our report thereon dated January 31, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Stoneybrook West Community Development District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stoneybrook West Community Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stoneybrook West Community Development District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Supervisors  
Stoneybrook West Community Development District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stoneybrook West Community Development District's financial statements are free of 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*.

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

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## Management Letter

To the Board of Supervisors  
Stoneybrook West Community Development District  
Orange County, Florida

We have audited the financial statements of the Stoneybrook West Community Development District, Florida as of and for the year ended September 30, 2010, and have issued our report thereon dated January 31, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our 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*. Disclosures in that report which is dated January 31, 2011 should be considered in conjunction with this Management Letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(i)) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

The Rules of the Auditor General (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that Stoneybrook West Community Development District complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies,

To the Board of Supervisors  
Stoneybrook West Community Development District

shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.c and Section 10.556(7)), we applied financial conditions assessment procedures. It is Management's responsibility to monitor the entity's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Stoneybrook West Community Development District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes and is not in a state of financial emergency.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the District for the fiscal year ended September 30, 2010, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with our annual financial audit report for the fiscal year ended September 30, 2010.

Pursuant to Chapter 119, Florida Statutes, this Management Letter is a public record and its' distribution is not limited. However, in accordance with auditing standards generally accepted in the United States of America, this Management Letter is intended solely for the information of Stoneybrook West Community Development District and Management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011