

**Colonial Country Club  
Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2018**

**Colonial Country Club Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2018**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Colonial Country Club Community Development District  
Lee County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Colonial Country Club Community Development District as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion 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 Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Fort Pierce / Stuart

To the Board of Supervisors  
Colonial Country Club Community Development District

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, General Fund, and Debt Service Fund of Colonial Country Club Community Development District, as of September 30, 2018, 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.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 May 2, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Colonial Country Club Community Development District's internal control over financial reporting and compliance.

*Berger Toombs Elam  
Gaines & Frank*

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

May 2, 2019

**Colonial Country Club Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

Management's discussion and analysis of Colonial Country Club Community Development District's (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 position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position are reported in three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position 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 position. 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.

**Colonial Country Club Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**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 buildings, land, roads, bridges, and traffic signals are reported in the **statement of net position**. 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, 2018.

- ◆ The District's total assets and deferred outflows of resources exceeded total liabilities by \$615,449 (net position). Unrestricted net position for Governmental Activities was \$529,598. Net investment in capital assets was \$51,476. Restricted net position was \$34,375.
- ◆ Governmental Activities revenues totaled \$1,663,269 while Governmental Activities expenses totaled \$1,473,355.

**Colonial Country Club Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

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

**Financial Analysis of the District**

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

**Net Position**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Current assets	\$ 771,314	\$ 814,482
Restricted assets	597,852	613,471
Capital assets	<u>12,292,039</u>	<u>12,710,776</u>
Total Assets	<u>13,661,205</u>	<u>14,138,729</u>
 Deferred Outflow of Resources	 <u>525,787</u>	 <u>561,841</u>
Total Assets and Deferred Outflows	<u>14,186,992</u>	<u>14,700,570</u>
 Current liabilities	 928,447	 918,119
Non-current liabilities	<u>12,643,096</u>	<u>13,356,916</u>
Total Liabilities	<u>13,571,543</u>	<u>14,275,035</u>
 Net Position - Net investment in capital assets	 51,476	 (194,115)
Net Position - Restricted	34,375	56,221
Net Position - Unrestricted	<u>529,598</u>	<u>563,429</u>
Total Net Position	<u>\$ 615,449</u>	<u>\$ 425,535</u>

The decrease in capital assets is primarily due to depreciation in the current year.

The decrease in non-current liabilities is primarily due to principal payments in the current year.

**Colonial Country Club Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

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

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

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

**Change in Net Position**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<u>Program Revenues</u>		
Charges for services	\$ 1,649,370	\$ 1,651,288
<u>General Revenues</u>		
Miscellaneous revenues	4,612	2,477
Investment earnings	9,287	2,309
Total Revenues	<u>1,663,269</u>	<u>1,656,074</u>
<u>Expenses</u>		
General government	158,706	149,013
Physical environment	766,488	558,692
Interest on long-term debt	548,161	562,560
Total Expenses	<u>1,473,355</u>	<u>1,270,265</u>
Change in Net Position	189,914	385,809
Net Position - Beginning of Year	<u>425,535</u>	<u>39,726</u>
Net Position - End of Year	<u>\$ 615,449</u>	<u>\$ 425,535</u>

The increase in physical environment was primarily related to additional wash out, lake, hurricane and wetland repairs and maintenance in the current year.



**Colonial Country Club Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**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, 2018 and 2017.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land and improvements	\$ 6,698,496	\$ 6,698,496
Buildings and improvements	1,015,607	1,015,607
Infrastructure	10,824,541	10,824,541
Accumulated depreciation	<u>(6,246,605)</u>	<u>(5,827,868)</u>
Total Capital Assets (Net)	<u>\$ 12,292,039</u>	<u>\$ 12,710,776</u>

During the year, depreciation was \$418,737.

**General Fund Budgetary Highlights**

Budgeted expenditures exceeded actual governmental expenditures primarily because of lower repairs and maintenance and contingency expenditures than were anticipated.

The September 30, 2018 budget was amended for greater repairs and maintenance expenditures than were originally anticipated.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In March 2013, the District issued \$16,860,000 Series 2013 Special Assessment Refunding Bonds. These bonds were issued to pay and redeem the outstanding 2003 bonds. The outstanding balance at September 30, 2018 was \$13,340,000.
- ◆ In 2003, the District entered into an agreement with the developer to defer costs for land acquired in 2003 through a note payable in the amount of \$1,116,334. The agreement was amended in March 2013 with the District making a substantial payment and the remaining balance is to be paid over 10 years. The balance outstanding at September 30, 2018 is \$93,764.

**Colonial Country Club Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

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

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

Colonial Country Club 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 2019.

**Request for Information**

The financial report is designed to provide a general overview of Colonial Country Club 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 Colonial Country Club Community Development District, Premier District Management, 1992 Victoria Lane, Suite B, Fort Myers, FL 33901.

**Colonial Country Club Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash and equivalents	\$ 767,950
Prepaid expenses	2,862
Deposits	502
Total Current Assets	771,314
Non-current Assets	
Restricted assets:	
Investments - debt service	597,852
Capital Assets:	
Assets not being depreciated	
Land and improvements	6,698,496
Assets being depreciated	
Buildings and improvements	1,015,607
Infrastructure	10,824,541
Less: accumulated depreciation	(6,246,605)
Total Non-current Assets	12,889,891
Total Assets	13,661,205
 <b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred amount on refunding	525,787
Total Assets and Deferred Outflow of Resources	14,186,992
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	2,202
Accrued interest	207,493
Note payable to developer	18,752
Bonds payable	700,000
Total Current Liabilities	928,447
Non-current Liabilities	
Bonds payable, net	12,568,084
Note payable to developer	75,012
Total Non-current Liabilities	12,643,096
Total Liabilities	13,571,543
 <b>NET POSITION</b>	
Net investment in capital assets	51,476
Restricted for debt service	34,375
Unrestricted	529,598
Total Net Position	\$ 615,449

See accompanying notes to financial statements.

**Colonial Country Club Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended September 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities			
General government	\$ (158,706)	\$ 150,359	\$ (8,347)
Physical environment	(766,488)	329,461	(437,027)
Interest on long-term debt	(548,161)	1,169,550	621,389
Total Governmental Activities	<u>\$ (1,473,355)</u>	<u>\$ 1,649,370</u>	<u>176,015</u>
		<b>General revenues:</b>	
		Miscellaneous revenues	4,612
		Investment earnings	9,287
		Total General Revenues	<u>13,899</u>
		Change in Net Position	189,914
		Net Position - October 1, 2017	425,535
		Net Position - September 30, 2018	<u>\$ 615,449</u>

*See accompanying notes to financial statements.*

**Colonial Country Club Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2018**

<b>ASSETS</b>	<b>General</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents	\$ 767,950	\$ -	\$ 767,950
Due from other funds	-	239,514	239,514
Prepaid expenses	2,862	-	2,862
Deposits	502	-	502
Restricted assets:			
Investments, at fair value	-	597,852	597,852
Total Assets	<u>\$ 771,314</u>	<u>\$ 837,366</u>	<u>\$ 1,608,680</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable and accrued expenses	\$ 2,202	\$ -	\$ 2,202
Due to other funds	239,514	-	239,514
Total Liabilities	<u>241,716</u>	<u>-</u>	<u>241,716</u>
Fund Balances			
Nonspendable:			
Deposits/prepaid expenses	3,364	-	3,364
Restricted - debt service	-	837,366	837,366
Assigned:			
Operating reserve	75,000	-	75,000
Erosion control	75,000	-	75,000
Boardwalk replacement	150,000	-	150,000
Unreserved and undesignated	226,234	-	226,234
Total Fund Balances	<u>529,598</u>	<u>837,366</u>	<u>1,366,964</u>
 Total Liabilities and Fund Balances	 <u>\$ 771,314</u>	 <u>\$ 837,366</u>	 <u>\$ 1,608,680</u>

See accompanying notes to financial statements.

**Colonial Country Club Community Development District  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2018**

Total Governmental Fund Balances	\$ 1,366,964
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated, land and improvements, used in governmental activities are not current financial resources and therefore, are not reported at the fund statement level.	6,698,496
Capital assets being depreciated, building and improvements (\$1,015,607) and infrastructure (\$10,824,541), net of accumulated depreciation (\$6,246,605), used in governmental activities are not current financial resources and therefore, are not reported at the fund statement level.	5,593,543
Long-term liabilities, including bonds payable (\$13,340,000) net of bond discount, net (\$71,916) and notes payable (\$93,764), are not due and payable in the current period and therefore, are not reported at the fund statement level.	(13,361,848)
Deferred outflow of resources are not current financial resources and therefore, are not reported at the fund statement level.	525,787
Accrued interest expense for long-term debt is not a current financial use and, therefore, is not reported at the fund statement level.	<u>(207,493)</u>
Net Position of Governmental Activities	<u><u>\$ 615,449</u></u>

*See accompanying notes to financial statements.*

**Colonial Country Club Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended September 30, 2018**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Special assessments	\$ 479,820	\$ 1,169,550	\$ 1,649,370
Miscellaneous revenues	3,809	803	4,612
Interest earnings	7,749	1,538	9,287
Total Revenues	<u>491,378</u>	<u>1,171,891</u>	<u>1,663,269</u>
Expenditures			
Current			
General government	158,706	-	158,706
Physical environment	347,751	-	347,751
Debt service			
Principal	18,752	685,000	703,752
Interest	-	513,740	513,740
Total Expenditures	<u>525,209</u>	<u>1,198,740</u>	<u>1,723,949</u>
Net change in fund balances	(33,831)	(26,849)	(60,680)
Fund Balances - October 1, 2017	<u>563,429</u>	<u>864,215</u>	<u>1,427,644</u>
Fund Balances - September 30, 2018	<u>\$ 529,598</u>	<u>\$ 837,366</u>	<u>\$ 1,366,964</u>

*See accompanying notes to financial statements.*

**Colonial Country Club 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, 2018**

Net Changes in Fund Balances - Total Governmental Funds	\$ (60,680)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures when purchased. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation (\$(418,737)) in the current period.	(418,737)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	703,752
Governmental funds report bond discounts as expenditures. However, in the Statement of Activities, the cost of bond discounts are allocated based over the life of the bonds as amortization expense. This is the amount of amortization in the current year.	(4,932)
The deferred outflow of resources for the refunding of debt is recognized as a component of interest expense in the Statement of Activities, but not in the governmental funds. This is the amount of current year interest.	(36,054)
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 prior year and current year accruals.	<u>6,565</u>
Change in Net Position of Governmental Activities	<u><u>\$ 189,914</u></u>

*See accompanying notes to financial statements.*



**Colonial Country Club Community Development District  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**For The Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Special assessments	\$ 458,319	\$ 479,821	\$ 479,820	\$ (1)
Miscellaneous revenues	-	3,034	3,809	775
Interest earnings	1,500	7,740	7,749	9
Total Revenues	<u>459,819</u>	<u>490,595</u>	<u>491,378</u>	<u>783</u>
Expenditures				
Current				
General government	155,545	142,615	158,706	(16,091)
Physical environment	275,522	374,622	347,751	26,871
Capital outlay	10,000	-	-	-
Debt service				
Principal	18,752	18,752	18,752	-
Total Expenditures	<u>459,819</u>	<u>535,989</u>	<u>525,209</u>	<u>10,780</u>
Net change in fund balances	-	(45,394)	(33,831)	11,563
Fund Balances - October 1, 2017	<u>589,878</u>	<u>589,878</u>	<u>563,429</u>	<u>(26,449)</u>
Fund Balances - September 30, 2018	<u>\$ 589,878</u>	<u>\$ 544,484</u>	<u>\$ 529,598</u>	<u>\$ (14,886)</u>

*See accompanying notes to financial statements.*

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES**

The financial statements of Colonial Country Club 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 December 2, 2002 pursuant to the City of Fort Myers Ordinance Number 3094 and Chapter 190, Florida Statutes, as amended (the "Act"), as a Community Development District. The District was established for the purpose of planning, financing and managing the acquisition, construction, maintenance and operation of the public 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 outside the boundaries of the Colonial Country Club Community Development District. The District is governed by a five-member Board of Supervisors, who are elected on a rotating basis for terms of four years. The District operates within the criteria established by Chapter 190.

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

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

**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

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

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

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental and business-type 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 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 financial 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.

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

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

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

**Governmental Funds**

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Unassigned Fund Balance** – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Fund Balance Spending Hierarchy** – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

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

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

**Governmental Funds (Continued)**

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. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current 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 financial 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 are recorded only when the payment is due.

**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.

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

**3. Basis of Presentation (Continued)**

**a. Governmental Major Funds (Continued)**

2013 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 all available special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District lien on all acreage of benefited land.

**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 general obligation bonds, and due to developer be reported in the governmental activities column in the government-wide statement of net position.

**4. Assets, Liabilities, and Net Position 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.

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

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

**a. Cash and Investments (Continued)**

Cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

**b. Restricted Assets**

Certain assets of the District and a corresponding liability or portion of net position is classified as restricted on the statement of net position 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 position and then from unrestricted net position.

**c. Capital Assets**

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

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:

Buildings and improvements	7-20 years
Infrastructure	20-40 years

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

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

**d. Deferred Outflow of Resources**

Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported on the Statement of Net Position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**e. Unamortized Bond Discount**

Bond discounts are presented on the government-wide financial statements. The costs are amortized over the life of the bonds using the method of accounting. For financial reporting, the unamortized bond discount is netted against the applicable long-term debt.

**f. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190.065, 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 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 Position**

“Total fund balances” of the District’s governmental funds, \$1,366,964, differs from “net position” of governmental activities, \$615,449, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.



**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**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 Position (Continued)**

**Capital related items**

When capital assets (land and improvements, buildings and infrastructure 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 Position included those capital assets among the assets of the District as a whole.

Land and improvements	\$ 6,698,496
Building and improvements	1,015,607
Infrastructure	10,824,541
Accumulated depreciation	<u>(6,246,605)</u>
Total	<u>\$ 12,292,039</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 Position. Balances at September 30, 2018 were:

Bonds payable	\$ (13,340,000)
Bond discount, net	71,916
Notes payable	<u>(93,764)</u>
Total	<u>\$ (13,361,848)</u>

**Deferred outflow of resources**

Deferred outflow of resources applicable to the District's governmental activities are not financial resources and therefore, are not reported as fund deferred outflow of resources:

Deferred amount on refunding	<u>\$ 525,787</u>
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**Accrued interest**

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to accrued interest on bonds.

Accrued interest	<u>\$ (207,493)</u>
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**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**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**

The “net change in fund balances” for government funds, \$(60,680), differs from the “change in net position” for governmental activities, \$189,914, 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. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decreases by the amount of depreciation charged for the year.

Depreciation	\$ <u>(418,737)</u>
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**Long-term debt transactions**

Repayment of long-term debt is 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	\$ 703,752
Bond discount amortization	(4,932)
Total	\$ <u>698,820</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	\$ 6,565
Decrease in deferred amount on refunding	(36,054)
Total	\$ <u>(29,489)</u>

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**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, 2018, the District's bank balance was \$768,119 and the carrying value was \$767,950. 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.

As of September 30, 2018, the District had the following investments and maturities:

<b>Investment</b>	<b>Maturities</b>	<b>Fair Value</b>
US Bank N.A. Commercial Paper	N/A	\$ 597,852

The District categorizes its fair value measurements within the fair value hierarchy recently 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 transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price 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 use the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the US Bank N.A. Commercial Paper is a Level 1 asset.

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

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 commercial paper and certificates of deposit 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, 2018, the District's investments in Commercial Paper were rated A-1+ 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 Commercial Paper are 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2018 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.

**NOTE D – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2017-2018 fiscal year were levied in October 2017. 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.

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE E – CHANGES IN CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land and improvements	\$ 6,698,496	\$ -	\$ -	\$ 6,698,496
Capital assets, being depreciated:				
Building and improvements	1,015,607	-	-	1,015,607
Infrastructure	10,824,541	-	-	10,824,541
Total Capital Assets, Being Depreciated	<u>11,840,148</u>	<u>-</u>	<u>-</u>	<u>11,840,148</u>
Less accumulated depreciation for:				
Building and improvements	(626,075)	(57,919)	-	(683,994)
Infrastructure	(5,201,793)	(360,818)	-	(5,562,611)
Total Accumulated Depreciation	<u>(5,827,868)</u>	<u>(418,737)</u>	<u>-</u>	<u>(6,246,605)</u>
Total Capital Assets Depreciated, Net	<u>6,012,280</u>	<u>(418,737)</u>	<u>-</u>	<u>5,593,543</u>
Governmental Activities Capital Assets	<u>\$ 12,710,776</u>	<u>\$ (418,737)</u>	<u>\$ -</u>	<u>\$ 12,292,039</u>

Depreciation of \$418,737 was charged to physical environment.

**NOTE F – LONG-TERM DEBT**

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2018:

Long-term debt at October 1, 2017	\$ 14,137,516
Principal payments	<u>(703,752)</u>
Long-term debt at September 30, 2018	13,433,764
Less bond discounts, net	<u>(71,916)</u>
Total Long Term Debt, Net	<u>\$ 13,361,848</u>

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

Long-term debt is comprised of the following:

**Revenue Bonds**

\$16,680,000 Series 2013 Special Assessment Revenue Refunding Bonds due in annual principal installments beginning on May 2014, maturing in May 2033. Interest is due semi-annually on May 1 and November 1, beginning November 1, 2013, at a variable interest rate. \$ 13,340,000

**Note Payable**

Note payable to the developer for land acquired in 2003. 93,764

Total long-term debt \$ 13,433,764

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2018 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 700,000	\$ 497,985	\$ 1,197,985
2020	720,000	479,785	1,199,785
2021	740,000	459,625	1,199,625
2022	765,000	436,685	1,201,685
2023	790,000	411,440	1,201,440
2024-2028	4,435,000	1,597,645	6,032,645
2029-2033	<u>5,190,000</u>	<u>650,700</u>	<u>5,840,700</u>
Totals	<u>\$ 13,340,000</u>	<u>\$ 4,533,865</u>	<u>\$ 17,873,865</u>

Summary of Significant Bonds Resolution Terms and Covenants

**SPECIAL ASSESSMENT REFUNDING BONDS, SERIES 2013**

Depository Funds – The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

**Colonial Country Club Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

Summary of Significant Bonds Resolution Terms and Covenants (Continued)

Reserve Fund – The 2013 Reserve Account is funded from the proceeds of the Series 2013 Bonds in an amount equal to fifty percent (50%) of the maximum annual debt service requirement of the 2013 bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	Special Assessment Revenue Refunding Bonds	
	Reserve Balance	Reserve Requirement
Series 2013 Bonds - Reserve Account	\$ 595,501	\$ 595,498

**DEVELOPER NOTE PAYABLE**

In 2003, the District entered into an agreement with the developer for the conveyance of certain capital assets to the District. The District entered into a new agreement during fiscal year 2013 with the developer restructuring the payment of the remaining balance owed to the developer. The balance outstanding as of September 30, 2018 is \$93,764. The remaining balance will be paid in annual installments over the next 6 years.

The annual requirements to amortize the principal of the note payable outstanding as of September 30, 2018 are as follows:

Year Ending September 30,	Principal
2019	\$ 18,752
2020	18,753
2021	18,753
2022	18,753
2023	18,753
Total	\$ 93,764

**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.



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**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  
Colonial Country Club Community Development District  
Lee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Colonial Country Club Community Development District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated May 2, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Colonial Country Club Community Development District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Colonial Country Club Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Colonial Country Club Community Development District's internal control over financial reporting.

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 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Board of Supervisors  
Colonial Country Club Community Development District  
Lee County, Florida

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Colonial Country Club 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*.

### **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.

*Berger Toombs Elam  
Gaines + Frank*

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

May 2, 2019



# Berger, Toombs, Elam, Gaines & Frank

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## **MANAGEMENT LETTER**

To the Board of Supervisors  
Colonial Country Club Community Development District  
Lee County, Florida

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

We have audited the financial statements of the Colonial Country Club Community Development District as of and for the year ended September 30, 2018, and have issued our report thereon dated May 2, 2019.

### **Auditor's Responsibility**

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 and Chapter 10.550, Rules of the Florida Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals 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 May 2, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **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 Colonial Country Club Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Colonial Country Club Community Development District did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

To the Board of Supervisors  
Colonial Country Club Community Development District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Colonial Country Club Community Development District. It is management's responsibility to monitor the Colonial Country Club Community Development District'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 as of September 30, 2018.

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

#### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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.

*Berger Toombs Elam  
Gaines & Frank*

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

May 2, 2019



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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors  
Colonial Country Club Community Development District  
Lee County, Florida

We have examined Colonial Country Club Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2018. Management is responsible for Colonial Country Club Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Colonial Country Club Community Development 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, accordingly, included examining, on a test basis, evidence about Colonial Country Club Community Development 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 Colonial Country Club Community Development District's compliance with the specified requirements.

In our opinion, Colonial Country Club Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2018.

*Berger Toombs Elam  
Gaines + Frank*

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

May 2, 2019