

# Fishhawk Community Development District

Financial Statements

September 30, 2011

Fishhawk Community Development District  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Fishhawk Community Development District  
Hillsborough County, Florida

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We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fishhawk Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2011, and the respective changes in financial position 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 March 26, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 6 and on page 22 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.

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

Miramar Beach, Florida  
March 26, 2012

## Management's Discussion And Analysis

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Fishhawk Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2011. Please read it in conjunction with the District's financial statements, which begin on page 7.

### **FINANCIAL HIGHLIGHTS**

- At September 30, 2011 the liabilities of the District exceed its assets by approximately \$1.3 million (deficit net assets).
- During the year ended September 30, 2011, the District incurred approximately \$254,000 of interest expenditures and repaid principal of \$560,000.

### **USING THE ANNUAL REPORT**

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

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

Our analysis of the District as a whole begins on page 3. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

Our analysis of the District's major funds begins on page 4. The fund financial statements begin on page 9 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation with the fund financial statements.

### THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Assets and is compared to the prior year.

<i>September 30,</i>	<b>2011</b>	<b>2010</b>	<b>Change</b>
<b>Assets</b>			
Current and other assets	\$ 1,837,038	\$ 1,749,460	\$ 87,578
Capital assets, net	1,326,904	1,394,538	(67,634)
<b>Total assets</b>	<b>\$ 3,163,942</b>	<b>\$ 3,143,998</b>	<b>\$ 19,944</b>
<b>Liabilities</b>			
Current liabilities	\$ 708,857	\$ 734,986	\$ (26,129)
Other liabilities	3,784,282	4,306,662	(522,380)
<b>Total liabilities</b>	<b>4,493,139</b>	<b>5,041,648</b>	<b>(548,509)</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	(2,848,266)	(3,251,494)	403,228
Restricted for:			
Capital projects	53,681	75,041	(21,360)
Debt service	239,448	226,187	13,261
Unrestricted	1,225,940	1,052,616	173,324
<b>Total net assets (deficit)</b>	<b>(1,329,197)</b>	<b>(1,897,650)</b>	<b>568,453</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,163,942</b>	<b>\$ 3,143,998</b>	<b>\$ 19,944</b>

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

During the fiscal year ended September 30, 2011, total assets increased by approximately \$20,000, whereas total liabilities decreased by approximately \$549,000. The increase in assets is primarily a result of the excess revenue over expenses. The decrease in liabilities is primarily due to the repayment of outstanding long-term bond principal.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	<b>2011</b>	<b>2010</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 2,206,754	\$ 2,191,263	\$ 15,491
Grants and contributions	7	888	(881)
General revenues:			
Interest and other revenues	28,349	22,375	5,974
<b>Total revenues</b>	<b>2,235,110</b>	<b>2,214,526</b>	<b>20,584</b>
<b>Expenses:</b>			
General government	145,151	124,679	20,472
Maintenance and operations	911,043	857,081	53,962
Parks and recreation	275,788	219,362	56,426
Interest	334,675	354,780	(20,105)
<b>Total expenses</b>	<b>1,666,657</b>	<b>1,555,902</b>	<b>110,755</b>
Change in net assets	568,453	658,624	(90,171)
Net assets (deficit), beginning	(1,897,650)	(2,556,274)	658,624
Net assets (deficit), ending	\$ (1,329,197)	\$ (1,897,650)	\$ 568,453

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

Revenues and expenses did not change significantly from the prior year. The overall results were a \$568,453 increase in net assets for fiscal year 2011.

### **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 9) reported a combined fund balance of approximately \$1.6 million, which is an increase over last year's balance that totaled approximately \$1.5 million. Significant transactions are discussed below.

- The District incurred approximately \$254,000 of interest expenditures and repaid principal of \$560,000 on the Series 2004 bonds.
- The District recognized approximately \$21,000 of capital outlay expenditures.

The overall increase in fund balance for the year ended September 30, 2011 totaled approximately \$156,000.

## GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the General Fund, including the original budget and final adopted budget, is shown on page 22.

The District experienced a favorable variance in revenues and expenditures as compared to the budget in the amount of \$76,220 and \$12,104, respectively.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### **Capital Assets**

At September 30, 2011, the District had approximately \$1.3 million invested in capital assets (net of depreciation). This amount represents a net decrease (including additions and deductions) of approximately \$68,000 over the fiscal year 2010 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	<b>2011</b>	<b>2010</b>	<b>Change</b>
Capital assets not being depreciated	\$ 442,097	\$ 420,735	\$ 21,362
Capital assets being depreciated	1,806,526	1,806,526	-
Total, prior to depreciation	2,248,623	2,227,261	21,362
Accumulated depreciation	(921,719)	(832,723)	(88,996)
<b>Net capital assets</b>	<b>\$ 1,326,904</b>	<b>\$ 1,394,538</b>	<b>\$ (67,634)</b>

More information about the District's capital assets is presented in Note 4 to the financial statements.

### **Debt**

At September 30, 2011, the District had approximately \$4.7 million of bonds outstanding. This amount represents a net decrease of \$560,000 from the fiscal year 2010 total.

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	<b>2011</b>	<b>2010</b>	<b>Change</b>
Series 2004 bonds	\$ 4,710,000	\$ 5,270,000	\$ (560,000)

More information about the District's long-term debt is presented in Note 5 to the financial statements.

## **FUTURE FINANCIAL FACTORS**

Fishhawk Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2012 were established to provide for the operations of the District.

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

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Fishhawk Community Development District's finance department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

# Basic Financial Statements

Fishhawk Community Development District

Statement of Net Assets

<i>September 30,</i>	<b>2011</b>
	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,151,849
Investments	394,963
Accounts receivable	40,235
Prepaid expenses	34,644
Deposits	26,235
Deferred charges, net	189,112
Capital assets:	
Not being depreciated	442,097
Depreciable, net	884,807
<b>Total assets</b>	<b>3,163,942</b>
<b>Liabilities</b>	
Accounts payable	10,501
Accrued expenses	118,164
Due to other government	192
Non-current liabilities:	
Due within one year	580,000
Due in more than one year	3,784,282
<b>Total liabilities</b>	<b>4,493,139</b>
<b>Net assets</b>	
Invested in capital assets, net of related debt	(2,848,266)
Restricted for:	
Capital projects	53,681
Debt service	239,448
Unrestricted	1,225,940
<b>Total net assets (deficit)</b>	<b>\$ (1,329,197)</b>

See accompanying notes to financial statements.

Fishhawk Community Development District

Statement of Activities

Year ended September 30,

2011

Functions/Programs	Expenses	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ (145,151)	\$ 162,081	\$ -	\$ -	\$ 16,930
Maintenance and operations	(911,043)	917,926	-	-	6,883
Parks and recreation	(275,788)	307,954	-	-	32,166
Interest	(334,675)	818,793	5	2	484,125
<b>Total governmental activities</b>	<b>\$(1,666,657)</b>	<b>\$2,206,754</b>	<b>\$ 5</b>	<b>\$ 2</b>	<b>540,104</b>

**General revenues**

Interest and other revenues	28,349
Change in net assets	568,453
Net assets (deficit) - beginning of year	(1,897,650)
Net assets (deficit) - end of year	<b>\$ (1,329,197)</b>

See accompanying notes to financial statements.

Fishhawk Community Development District

Balance Sheet - Governmental Funds

September 30,

2011

	General	Debt Service	Non-Major	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,151,849	\$ -	\$ -	\$ 1,151,849
Investments	4,602	336,622	53,739	394,963
Accounts receivable	40,235	-	-	40,235
Prepaid expenditures	34,644	-	-	34,644
Deposits	26,235	-	-	26,235
<b>Total assets</b>	<b>\$ 1,257,565</b>	<b>\$ 336,622</b>	<b>\$ 53,739</b>	<b>\$ 1,647,926</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 10,443	\$ -	\$ 58	\$ 10,501
Accrued expenditures	20,990	-	-	20,990
Due to other government	192	-	-	192
<b>Total liabilities</b>	<b>31,625</b>	<b>-</b>	<b>58</b>	<b>31,683</b>
<b>Fund balances</b>				
Nonspendable	60,879	-	-	60,879
Restricted for:				
Debt service	-	336,622	-	336,622
Capital projects	-	-	53,681	53,681
Assigned for capital reserves	471,076	-	-	471,076
Unassigned	693,985	-	-	693,985
<b>Total fund balances</b>	<b>1,225,940</b>	<b>336,622</b>	<b>53,681</b>	<b>1,616,243</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,257,565</b>	<b>\$ 336,622</b>	<b>\$ 53,739</b>	<b>\$ 1,647,926</b>

See accompanying notes to financial statements.

Fishhawk Community Development District

Reconciliation of the Balance Sheet to the Statement of Net Assets

<i>September 30,</i>	<b>2011</b>
Total fund balances, governmental funds	\$ 1,616,243
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	1,326,904
Bond issue costs are not financial resources and therefore are not reported as assets in governmental funds. The Statement of Net Assets includes these costs, net of amortization.	189,112
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(4,461,456)
<b>Total net assets (deficit) - governmental activities</b>	<b>\$ (1,329,197)</b>

See accompanying notes to financial statements.

Fishhawk Community Development District

Statement of Revenues, Expenditures and Changes in Fund Balances-  
Governmental Funds

Year ended September 30,

2011

	General	Debt Service	Non-Major	Total Governmental Funds
<b>Revenues</b>				
Assessments	\$ 1,387,961	\$ 818,793	\$ -	\$ 2,206,754
Interest and other revenues	28,349	5	2	28,356
Total revenues	1,416,310	818,798	2	2,235,110
<b>Expenditures</b>				
Current:				
General government	145,151	-	-	145,151
Maintenance and operations	822,047	-	-	822,047
Parks and recreation	275,788	-	-	275,788
Debt service:				
Principal	-	560,000	-	560,000
Interest	-	254,404	-	254,404
Capital outlay	-	-	21,362	21,362
Total expenditures	1,242,986	814,404	21,362	2,078,752
Excess (deficit) of revenues over expenditures	173,324	4,394	(21,360)	156,358
<b>Other financing sources (uses)</b>				
Transfers in	401,273	-	-	401,273
Transfers out	-	-	(401,273)	(401,273)
Total other financing sources (uses)	401,273	-	(401,273)	-
Net change in fund balances	574,597	4,394	(422,633)	156,358
Fund balances, beginning of year	651,343	332,228	476,314	1,459,885
Fund balances, end of year	\$ 1,225,940	\$ 336,622	\$ 53,681	\$ 1,616,243

See accompanying notes to financial statements.

Fishhawk Community Development District

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities

<i>Year ended September 30,</i>	<b>2011</b>
Net change in fund balances - governmental funds	\$ 156,358
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Assets.	21,362
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities.	(88,996)
Amortization of bond issuance costs and deferred refunding amounts are not recognized in the governmental fund statement but are reported as an expense in the Statement of Activities.	(89,138)
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Assets.	560,000
The change in accrued interest between the current and prior year is recorded in the Statement of Activities but not in the fund financial statements.	8,867
Change in net assets of governmental activities	\$ 568,453

See accompanying notes to financial statements.

**NOTE 1 – NATURE OF ORGANIZATION**

The Fishhawk Community Development District (the “District”) was established on September 12, 1996 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Hillsborough County Ordinance #96-24. The Act provides, among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

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

The Board has the final responsibility for:

1. Assessing and levying special assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP). The primary criteria for including organizations within the District's reporting entity, as defined by the Governmental Accounting Standards Board (GASB) No. 14 is financial accountability. The District is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or a jointly appointed board. Based on the foregoing criteria, no potential component units were found.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Government-Wide and Fund Financial statements***

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2011, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

The preparation of government-wide financial statements includes the application of both GASB pronouncements and those of the Financial Accounting Standards Board (FASB) issued before November 30, 1989.

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

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

In March 2009, GASB issued Statement No. 54 - Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The District made the decision to implement this standard effective October 1, 2010.

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

The District reports the following major governmental funds:

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

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

For the year ended September 30, 2011, the District does not report any proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

***Cash, Deposits and Investments***

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

***Capital Assets***

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

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

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

<u>Asset</u>	<u>Years</u>
Landscaping and infrastructure	20
Buildings	30
Furniture & equipment	5
Building improvements	10

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest or straight-line method. Bonds payable are reported net of premiums or discounts. Bond issuance costs are shown as deferred charges and are presented net of \$252,138 of accumulated amortization.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

***Fund Equity***

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

Net assets in the government-wide financial statements are categorized as invested in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt represents net assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net assets represent the net assets restricted by the District's bond covenants.

***Estimates***

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

***Budgets***

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**NOTE 3 – INVESTMENTS**

All investments held at September 30, 2011 are reported at fair value based on quoted market prices, which approximates amortized cost. Values for most of the District’s investments are based on quoted market prices or amounts determined by the issuer. The SBA Investment Pool Fund B is accounted for as a fluctuating NAV pool. Fair value is based on the District’s account balance and a fair value factor provided by the State Board of Administration.

<i>September 30,</i>	<b>2011</b>	<b>Credit Risk</b>	<b>Weighted Average Maturities</b>
State Board of Administration Investment Florida PRIME	\$ 2,300	S&P AAAM	38 days
State Board of Administration Investment Fund B	2,302	not rated	4.82 years
Short-term Money Market Funds	<b>390,361</b>	S&P AAAM	52 days
<b>Total investments</b>	<b>\$ 394,963</b>		

*Custodial credit risk* – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2011, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

*Concentration risk* – The District’s investment policy requires diversification, but does not specify limits on types of investments.

*Interest rate risk* – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and, in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

# Fishhawk Community Development District

## Notes to Financial Statements

### NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2011:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Infrastructure under construction	\$ 420,735	\$ 21,362	\$ -	\$ 442,097
<b>Total capital assets, not being depreciated</b>	<b>420,735</b>	<b>21,362</b>	<b>-</b>	<b>442,097</b>
<b>Capital assets being depreciated</b>				
Landscaping and infrastructure	1,000,975	-	-	1,000,975
Buildings	674,200	-	-	674,200
Furniture and equipment	65,478	-	-	65,478
Building improvements	65,873	-	-	65,873
<b>Total capital assets, being depreciated</b>	<b>1,806,526</b>	<b>-</b>	<b>-</b>	<b>1,806,526</b>
<b>Less accumulated depreciation for:</b>				
Landscaping and infrastructure	467,810	50,049	-	517,859
Buildings	329,932	22,473	-	352,405
Furniture and equipment	19,859	9,887	-	29,746
Building improvements	15,122	6,587	-	21,709
<b>Total accumulated depreciation</b>	<b>832,723</b>	<b>88,996</b>	<b>-</b>	<b>921,719</b>
<b>Total capital assets, being depreciated, net</b>	<b>973,803</b>	<b>(88,996)</b>	<b>-</b>	<b>884,807</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 1,394,538</b>	<b>\$ (67,634)</b>	<b>\$ -</b>	<b>\$ 1,326,904</b>

Depreciation expense of \$88,996 was allocated to maintenance and operations on the Statement of Activities.

### NOTE 5 – BONDS PAYABLE

On May 4, 2004, the District issued \$8,290,000 of Series 2004 Special Assessment Revenue Bonds with an interest rate between 2% and 5.25%. The Bonds were issued to advance refund all of the District's Special Assessment Revenue Bonds, Series 1996, and to finance the acquisition and construction of 2004 Project improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1. Principal on the Series 2004 Bonds is paid serially commencing May 1, 2005 through May 1, 2018.

Fishhawk Community Development District

Notes to Financial Statements

**NOTE 5 – BONDS PAYABLE (CONTINUED)**

The balance of the long-term bonds at September 30, 2011 is summarized as follows:

<i>September 30,</i>	<b>2011</b>
Bond principal balance	\$ 4,710,000
Less: deferred refunding amounts	(345,718)
Net balance	\$ 4,364,282

At September 30, 2011, the scheduled debt service requirements on long-term debt were as follows:

<i>Year Ending September 30,</i>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2012	\$ 580,000	\$ 233,219	\$ 813,219
2013	605,000	210,019	815,019
2014	635,000	185,063	820,063
2015	665,000	151,725	816,725
2016	705,000	116,813	821,813
2017-2018	1,520,000	120,750	1,640,750
	\$ 4,710,000	\$ 1,017,589	\$ 5,727,589

Long-term liability activity for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2004	\$ 5,270,000	\$ -	\$ (560,000)	\$ 4,710,000	\$ 580,000
	\$ 5,270,000	\$ -	\$ (560,000)	\$ 4,710,000	\$ 580,000

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture or maintain a surety bond that guarantees the payment of principal and interest. The requirement has been met in the form of a surety bond.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Bond Indenture.

**NOTE 6 – INTERFUND TRANSFERS**

During the year ended September 30, 2011, the District transferred a net of \$401,273 from the Capital Projects Fund to the General Fund for capital reserves.

**NOTE 7 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the cost of these risks. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has not filed any claims under this commercial coverage during the last three years.

**NOTE 8 – MANAGEMENT COMPANY**

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

**NOTE 9 – RELATED PARTY TRANSACTIONS**

The District is related with Fishhawk Community Development District II through a common Developer. The Districts have agreed to share certain costs related to the maintenance of facilities that are shared by both Districts. For fiscal year ending September 30, 2011, the District received \$6,542 and paid \$49,507 to the Fishhawk Community Development District II for reimbursement of shared costs incurred. On September 30, 2011, Fishhawk Community Development District II owed the District \$22,245.

During the year ended September 30, 2011, the District incurred \$102,000 in amenity center expenses with Fishhawk Ranch Homeowners Association, Inc. (“HOA”), the master homeowners association located in the District.

Required Supplemental Information  
(Other Than MD&A)

Fishhawk Community Development District

Budget to Actual Comparison Schedule - General Fund

Year ended September 30,

2011

	Original and Final Budget	Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget
<b>Revenues</b>			
Assessments	\$ 1,326,090	\$ 1,387,961	\$ 61,871
Interest and other revenues	14,000	28,349	14,349
Total revenues	1,340,090	1,416,310	76,220
<b>Expenditures</b>			
General government	155,150	145,151	9,999
Maintenance and operations	947,840	907,047	40,793
Parks and recreation	237,100	275,788	(38,688)
Total expenditures	1,340,090	1,327,986	12,104
Excess of revenues over expenditures	\$ -	\$ 88,324	\$ 88,324

**Note to Budgetary Comparison Schedule**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Budgetary and Financial Statement Fund	Expenditures
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 1,327,986
Assigned for capital reserves	(85,000)
As reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 1,242,986



Carr, Riggs & Ingram, LLC  
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**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**

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

To the Board of Supervisors  
Fishhawk Community Development District  
Hillsborough County, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fishhawk Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2011, which collectively comprise the District's basic financial statements and have issued our report dated March 26, 2012. 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**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 for the information of management, the Board of Supervisors, others within the District, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than those specified parties. However, we understand and recognize the District and all of its records are subject to Florida public records law, Chapter 119, Florida Statutes.

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

Miramar Beach, Florida  
March 26, 2012



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## MANAGEMENT LETTER

To the Board of Supervisors  
Fishhawk Community Development District  
Hillsborough County, Florida

We have audited the financial statements of Fishhawk Community Development District ("District") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 26, 2012.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in this report, which is dated March 26, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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 the District complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings. Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes, during the year ended September 30, 2011.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the 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.

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

Miramar Beach, Florida  
March 26, 2012