

**VISTA LAKES
COMMUNITY DEVELOPMENT DISTRICT
ORANGE COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2009**

**VISTA LAKES COMMUNITY DEVELOPMENT DISTRICT
ORANGE COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Vista Lakes Community Development District
Orange County, Florida

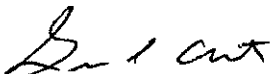
We have audited the accompanying financial statements of the governmental activities and each major fund of Vista Lakes Community Development District, Orange County, Florida (the "District") as of and for the fiscal year ended September 30, 2009, which collectively comprise the District's basic financial 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 the 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 and each major fund of the District as of September 30, 2009, and the respective changes in financial position thereof for the fiscal 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 our report dated April 27, 2010, 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, 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 important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


April 27, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Vista Lakes Community Development District, Orange County, Florida ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2009. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net asset balance of \$9,426,669.
- The change in the District's total net assets was (\$8,290,507), a decrease, in comparison with the prior fiscal year. The key components of the District's net assets and change in net assets are reflected in the table in the government-wide financial statements analysis section.
- At September 30, 2009, the District's governmental funds reported combined ending fund balance of \$1,038,492 an increase of \$164,255 in comparison with the prior year. Of the total fund balance, a portion is reserved for debt service and other items and the remainder is unreserved fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) Government-Wide Financial Statements

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

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

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

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance functions.

2) Fund Financial Statements

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

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

2) Fund Financial Statements (Continued)

Governmental Funds

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

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

The District currently maintains two individual governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, both of which are considered major funds.

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

3) Notes to the Financial Statements

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

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE INFORMATION

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year.

A portion of the District's net assets reflects its investment in capital assets (e.g. land, land improvements and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. They are funds set aside for debt service under the District's Bond Indenture. The remaining balance of unrestricted net assets may be used to meet the District's other obligations.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE INFORMATION (Continued)

Key components of the District's net assets were as follows:

NET ASSETS SEPTEMBER 30,		
	2009	2008
Assets, excluding capital assets	\$ 1,739,242	\$ 1,625,478
Capital assets, net of depreciation	18,557,828	27,205,041
Total assets	<u>20,297,070</u>	<u>28,830,519</u>
Liabilities, excluding long-term liabilities	287,195	315,897
Long-term liabilities	10,583,206	10,797,446
Total liabilities	<u>10,870,401</u>	<u>11,113,343</u>
Net Assets		
Invested in capital assets, net of related debt	8,616,927	17,076,022
Restricted for debt service	451,923	427,497
Unrestricted	357,819	213,657
Total net assets	<u>\$ 9,426,669</u>	<u>\$ 17,717,176</u>

The change in the District's total net assets during the most recent fiscal year was a decrease. The majority of the change represents the degree to which the cost of operations, including depreciation, and interest on the District's long-term debt, exceeded ongoing revenues.

The key elements of the District's change in net assets are reflected in the following table:

CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 2,082,943	\$ 2,087,088
Operating grants and contributions	2,340	27,356
General revenues:		
Unrestricted investment earnings	1,508	17,335
Miscellaneous	4,952	8,245
Total revenues	<u>2,091,743</u>	<u>2,140,024</u>
Expenses:		
General government	142,386	143,619
Infrastructure and maintenance	9,612,914	1,871,957
Interest	626,950	657,675
Total expenses	<u>10,382,250</u>	<u>2,673,251</u>
Change in net assets	<u>(8,290,507)</u>	<u>(533,227)</u>
Net assets, beginning	17,717,176	18,250,403
Net assets, ending	<u>\$ 9,426,669</u>	<u>\$ 17,717,176</u>

Program revenues were comprised primarily of assessments for both the current and prior fiscal years. Operating grants and contributions were comprised primarily of restricted interest earnings for both fiscal years.

In addition, for the 2009 fiscal year, the District asked the owners of commercial property to participate in sharing certain costs, however, they were not legally obligated to participate. The amount requested was approximately \$958 per parcel. Of the total \$7,660 requested, one commercial property owner participated and the remaining \$7,185 of costs was absorbed by the District.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's general fund includes all activities related to providing management and operating services

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental funds.

FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	2009		2008	
General government	\$ 142,386	7%	\$ 143,619	8%
Maintenance and operations	965,701	50%	992,028	54%
Interest and principal on long-term debt	819,401	43%	710,265	38%
Total	<u>\$ 1,927,488</u>	<u>100%</u>	<u>\$ 1,845,912</u>	<u>100%</u>

As noted above, the combined costs of maintenance and operations along with debt service comprise the majority of expenditures for total governmental activities for the current and prior year.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The variance between budgeted and actual general fund revenues for the 2009 fiscal year was not considered significant. The actual general fund expenditures were lower than budgeted amounts due primarily to anticipated repair and maintenance costs which were not required.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the close of the most recent fiscal year, the District had \$20,659,676 invested in land, land improvements, equipment, water and sewer and landscaping. In the government-wide financial statements, depreciation of \$2,101,848 has been taken, which resulted in a net book value of \$18,557,828. In addition, the District conveyed approximately \$8.1 million in assets to other governments. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At the close of the most recent fiscal year, the District had \$11,665,000 Bonds outstanding for its governmental activities, a decrease of approximately 2% from the prior year. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND OTHER INFORMATION

In connection with the District's future infrastructure maintenance and replacement plan, the District estimates that the total costs of the plan will be \$5,027,000. The District has designated \$199,500 of current available resources to be set aside for the potential future costs and intends to continue to designate resources as they become available. However, no formal funding plan has been adopted.

For the fiscal year 2010, the District anticipates that the cost of general operations will remain fairly constant. In addition, no new debt was issued during the 2009 fiscal year and the District has no immediate need to issue additional debt.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Vista Lakes Community Development District's Finance Department at 210 N. University Drive, Suite 702, Coral Springs, Florida, 33071.

**VISTA LAKES COMMUNITY DEVELOPMENT DISTRICT
ORANGE COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 390,651
Investments	3,802
Assessments receivable	1,593
Due from other government	23,570
Prepaid and other	6,840
Restricted assets:	
Investments	670,481
Deferred charges	642,305
Capital assets	
Nondepreciable	8,162,146
Depreciable, net	<u>10,395,682</u>
Total assets	<u>20,297,070</u>
LIABILITIES	
Accounts payable	58,445
Accrued interest payable	228,750
Non-current liabilities:	
Due within one year	275,000
Due in more than one year	<u>10,308,206</u>
Total liabilities	<u>10,870,401</u>
NET ASSETS	
Invested in capital assets, net of related debt	8,616,927
Restricted for debt service	451,923
Unrestricted	357,819
Total net assets	<u>\$ 9,426,669</u>

See notes to the financial statements

**VISTA LAKES COMMUNITY DEVELOPMENT DISTRICT
ORANGE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 142,386	\$ 142,386	\$ -	\$ -
Maintenance and infrastructure	9,612,914	1,097,078		(8,515,836)
Interest on long-term debt	626,950	843,479	2,340	218,869
Total governmental activities	<u>10,382,250</u>	<u>2,082,943</u>	<u>2,340</u>	<u>(8,296,967)</u>
General revenues:				
Unrestricted investment earnings				1,508
Miscellaneous				4,952
Total general revenues				<u>6,460</u>
Change in net assets				(8,290,507)
Net assets - beginning				<u>17,717,176</u>
Net assets - ending				<u>\$ 9,426,669</u>

See notes to the financial statements

**VISTA LAKES COMMUNITY DEVELOPMENT DISTRICT
ORANGE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

	Major Funds		Total Governmental Funds
	General	Debt Service	
ASSETS			
Cash	\$ 390,651	\$ -	\$ 390,651
Investments	3,802	670,481	674,283
Assessments receivable	948	645	1,593
Due from other government	14,023	9,547	23,570
Prepays and deposits	6,840		6,840
Total assets	<u>\$ 416,264</u>	<u>\$ 680,673</u>	<u>1,096,937</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 58,445	\$ -	\$ 58,445
Total liabilities	<u>58,445</u>	<u>-</u>	<u>58,445</u>
Fund balances:			
Reserved for:			
Debt service		680,673	680,673
Other	6,840		6,840
Unreserved, designated:			
Capital asset repair and replacement	199,500		199,500
Unreserved, undesignated reported in:			
General fund	151,479		151,479
	<u>357,819</u>	<u>680,673</u>	<u>1,038,492</u>
Total liabilities and fund balances	<u>\$ 416,264</u>	<u>\$ 680,673</u>	<u>\$ 1,096,937</u>

See notes to the financial statements

**VISTA LAKES COMMUNITY DEVELOPMENT DISTRICT
ORANGE COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

Fund balance - governmental funds \$ 1,038,492

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net assets includes those capital assets, net of any accumulated depreciation, in the net assets of the government as a whole.

Cost of capital assets	20,659,676	
Accumulated depreciation	<u>(2,101,848)</u>	18,557,828

Bond issuance costs are not financial resources and therefore are not reported as assets in the governmental funds. The statements of net assets includes these costs, net of any amortization.

Bond issuance costs	700,939	
Accumulated amortization	<u>(58,634)</u>	642,305

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government wide financial statements.

Accrued interest payable	(228,750)	
Bond discount	188,501	
Amortization of discount	(14,659)	
Deferred amount on refunding	984,812	
Amortization of deferred amount on refunding	(76,860)	
Bonds payable	<u>(11,665,000)</u>	<u>(10,811,956)</u>
Net assets of governmental activities		<u>\$ 9,426,669</u>

See notes to the financial statements

**VISTA LAKES COMMUNITY DEVELOPMENT DISTRICT
ORANGE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	Major Funds		Total Governmental Funds
	General	Debt Service	
REVENUES			
Assessments	\$ 1,239,464	\$ 843,479	\$ 2,082,943
Interest	1,508	2,340	3,848
Miscellaneous revenues	4,952		4,952
Total revenues	<u>1,245,924</u>	<u>845,819</u>	<u>2,091,743</u>
EXPENDITURES			
Current:			
General government	136,061	6,325	142,386
Maintenance and operations	965,701		965,701
Debt Service:			
Principal		260,000	260,000
Interest		559,401	559,401
Total expenditures	<u>1,101,762</u>	<u>825,726</u>	<u>1,927,488</u>
Excess (deficiency) of revenues over (under) expenditures	144,162	20,093	164,255
Fund balances - beginning	<u>213,657</u>	<u>660,580</u>	<u>874,237</u>
Fund balances - ending	<u>\$ 357,819</u>	<u>\$ 680,673</u>	<u>\$ 1,038,492</u>

See notes to the financial statements

**VISTA LAKES COMMUNITY DEVELOPMENT DISTRICT
ORANGE COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

Net change in fund balances - total governmental funds	\$ 164,255
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation on capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities.	(550,607)
Conveyance of infrastructure improvements to other governments of previously capitalized capital assets is recorded as an expense in the statement of activities.	(8,096,606)
Repayments of long-term liabilities are reported as expenditures in the governmental fund financial statements but such repayments reduce liabilities in the statement of net assets and are eliminated in the statement of activities.	260,000
Governmental funds report the effect of issuance of costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are capitalized and amortized over the estimated life of the Bonds in the government-wide financial statements.	
Amortization of issuance costs	(26,122)
Amortization of discount	(7,330)
Amortization of deferred amount on refunding	(38,430)
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the governmental fund financial statements.	4,333
Change in net assets of governmental activities	<u>\$ (8,290,507)</u>

See notes to the financial statements

**VISTA LAKES COMMUNITY DEVELOPMENT DISTRICT
ORANGE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Vista Lakes Community Development District ("District") was created on February 7, 2000 by Ordinance 10-32669 of the City of Orlando, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, 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 the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

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

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

Government-Wide and Fund Financial Statements

The 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 of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments on benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations and debt service are billed and collected by the County Tax Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution.

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

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

Debt service funds are used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity

Restricted Assets

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

Deposits and Investments

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

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Infrastructure – roadways	25
Infrastructure – water and sewer	20
Infrastructure – landscape and other	10 - 20

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Capital Assets (Continued)

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.

Deferred Charges

In a prior year, in connection with the issuance of certain debt, the District incurred costs totaling \$700,939. In the government-wide financial statements, that amount has been capitalized and amortized ratably over the estimated life of the Bonds. At September 30, 2009, the District reported accumulated amortization of \$58,634.

In addition, the issuance discount of \$188,501 was deferred in the government-wide financial statements and is being amortized ratably over the estimated life of the Bonds. At September 30, 2009 accumulated amortization was \$14,659.

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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 ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. In addition, deferred amounts on refunding are amortized ratably over the shorter of the remaining life of the old debt or the life of the new debt.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of 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 debt service expenditures.

Deferred Amount on Refunding

For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred amount is offset against the new liability. In connection with the issuance of certain debt, the District had a deferred amount on refunding of \$984,812. In the government-wide financial statements, that amount is being amortized ratably over the estimated life of the Bonds. At September 30, 2009 the District reported accumulated amortization of \$76,860.

Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 assets restricted by the District's Bond covenants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Disclosures

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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) Public hearings are conducted to obtain public 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) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The District's investments were held as follows at September 30, 2009:

	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Maturities</u>
Money Market Mutual Funds - First American			Weighted average of the fund portfolio: 45 days 10/29/2009
Government Obligation Fund	\$ 8,514	S&P AAAM	
US Treasury Bills	661,967	Not applicable	
Investment in Local Government Surplus Trust Funds Investment Pool - Fund A	1,373	**	**
Investment in Local Government Surplus Trust Funds Investment Pool - Fund B	2,429	**	**
	<u>\$ 674,283</u>		

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments (Continued)

** The State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool ("Pool") was restructured on December 4, 2007 into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B and certain restrictions were implemented. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to Pool Fund A. Fund B is not rated by any nationally recognized statistical rating agency.

There are two options for accounting and reporting for money market investment pools either "2a-7 like" or fluctuating net asset value ("NAV"). "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. Rule 2a-7 is the rule that allows money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The Local Government Surplus Funds Trust Fund Investment Pool is considered a 2a7-like fund and the District has reported its investment in Fund A at the same value as the pooled shares allocated to the District. The estimated weighted average maturity of the fund portfolio is 33 days. Fund B is accounted for as a fluctuating NAV pool and the fair value factor for September 30, 2009 was .54915069 and the net unrealized loss was approximately (\$1,995). The weighted average life of the fund is 6.69 years. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

Custodial risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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. The money market mutual funds are not evidenced by securities that exist in physical or book entry form. The US Treasury investment is held by the trustee or agent but not in the District's name.

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

NOTE 4 - UNCLAIMED CHECKS

Assessments for the fiscal year ended September 30, 2008 which were billed through the tax collector were based on an incorrect roll which resulted in overpaid assessments. The District issued checks to refund the overpayments to the individual lot owners. At September 30, 2009, however many of the checks have not yet cleared the District's bank account resulting in approximately \$8,625 in unclaimed cash. During the current fiscal year, the District has made additional attempts to contact the lot owners to resolve this matter. In fiscal year 2010 any remaining unclaimed checks will be remitted to the Florida Department of Financial Services, Bureau of Unclaimed Property.

NOTE 5 - DEVELOPER TRANSACTIONS

The Developer owns a portion of land within the District; therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Developer. During the fiscal year ended September 30, 2008 the District received payment from the Developer for a portion of costs incurred in the prior year to repair damages to the irrigation system. The estimated amount to be collected for the irrigation repairs was \$12,129, however, it was determined that \$6,888 may not be collected and an allowance was recorded. During the fiscal year ended September 30, 2009 the District determined that the amount indeed would not be collected from the Developer.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land improvements	\$ 10,064,626	\$ -	\$ (1,902,480)	\$ 8,162,146
Total capital assets, not being depreciated	10,064,626	-	(1,902,480)	8,162,146
Capital assets, being depreciated				
Infrastructure - roadways	10,237,666		(2,748,341)	7,489,325
Infrastructure - water and sewer	4,258,702		(4,258,702)	-
Infrastructure - landscape and other	5,305,800	-	(297,595)	5,008,205
Total capital assets, being depreciated	19,802,168	-	(7,304,638)	12,497,530
Less accumulated depreciation for:				
Infrastructure - roadways	(1,226,631)	(299,655)	256,796	(1,269,490)
Infrastructure - water and sewer	(639,491)	-	639,491	-
Infrastructure - landscape and other	(795,631)	(250,952)	214,225	(832,358)
Total accumulated depreciation	(2,661,753)	(550,607)	1,110,512	(2,101,848)
Total capital assets, being depreciated, net	17,140,415	(550,607)	(6,194,126)	10,395,682
Governmental activities capital assets	\$ 27,205,041	\$ (550,607)	\$ (8,096,606)	\$ 18,557,828

During the fiscal year ended September 30, 2009, the District conveyed approximately \$8.1 million in assets to other governments. Depreciation expense was charged to the maintenance and operations function/program.

NOTE 7 - LONG-TERM LIABILITIES

In 2007, the District issued \$12,175,000 of Capital Improvement Revenue Refunding Bonds, which consist of \$4,685,000 Series 2007A-1 Bonds due on May 1, 2032 with a fixed interest rate of 4.75% and \$7,490,000 Series 2007A-2 Bonds due on May 1, 2034 consisting of term Bonds with fixed interest rates of 4.75% and 5.00%. The Series 2007 Bonds are dated June 15, 2007. The Series 2007 Bonds were issued to refund the outstanding Capital Improvement Bonds, Series 2000A and Capital Improvement Bonds, Series 2002A, including the premiums for a financial guaranty insurance policy and debt service reserve surety bonds. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2007. Principal on the 2007 Bonds is paid at various dates through May 1, 2034.

NOTE 7 - LONG-TERM LIABILITIES (Continued)

The Series 2007 A-1 Bonds and Series 2007A-2 Bonds maturing on or before May 1, 2017 are not redeemable prior to their stated maturity dates. The Series 2007A-1 and Series 2007A-2 Bonds maturing after May 1, 2017 are subject to optional redemption as set forth in the Bond Indenture. The Bonds are also subject to extraordinary mandatory redemption in the manner outlined in the Bond Indenture.

In addition, in connection with the issuance of the Series 2007 Bonds, certain funds were placed in an escrow account for the purpose of paying the debt service on the District's Capital Improvement Bonds, Series 2000A and Capital Improvement Bonds, Series 2002A. As a result, the refunded Bonds were considered defeased and the liability was removed from the governmental activities in the statement of net assets. At September 30, 2009 the estimated balance of the defeased debt was approximately \$4,420,000 for the Series 2000A Bonds and \$6,810,000 for the Series 2002A Bonds.

The Bond Indenture established debt service reserve requirements for the Series 2007A-1 and Series 2007A-2 Bonds. The Series 2007A-1 requirement was satisfied with the purchase of a debt service reserve fund surety policy and the Series 2007A-2 requirement was satisfied with the combined value of a separate debt service reserve fund surety policy and cash deposit amount. The Bond Indenture has certain other restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners. In addition, the District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with those requirements at September 30, 2009.

Long-term debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2009 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2007A-1/A-2	\$ 11,925,000	\$ -	\$ 260,000	\$ 11,665,000	\$ 275,000
Less deferred amounts:					
For issuance discounts	(181,172)		(7,330)	(173,842)	
On refunding	(946,382)		(38,430)	(907,952)	
Governmental activity long-term liabilities	<u>\$ 10,797,446</u>	<u>\$ -</u>	<u>\$ 214,240</u>	<u>\$ 10,583,206</u>	<u>\$ 275,000</u>

At September 30, 2009, the scheduled debt service requirements on the long-term debt were as follows:

	Governmental Activities		
	Principal	Interest	Total
2010	\$ 275,000	\$ 549,000	\$ 824,000
2011	285,000	538,000	823,000
2012	295,000	526,244	821,244
2013	310,000	513,706	823,706
2014	320,000	500,531	820,531
2015-2019	1,840,000	2,279,432	4,119,432
2020-2024	2,320,000	1,807,489	4,127,489
2025-2029	2,940,000	1,200,250	4,140,250
2030-2034	3,080,000	404,981	3,484,981
Total	<u>\$ 11,665,000</u>	<u>\$ 8,319,633</u>	<u>\$ 19,984,633</u>

NOTE 8 - MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 9 - 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 costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**VISTA LAKES COMMUNITY DEVELOPMENT DISTRICT
ORANGE COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The variance between budgeted and actual general fund revenues for the 2009 fiscal year was not considered significant. The actual general fund expenditures were lower than budgeted amounts due primarily to anticipated repair and maintenance costs which were not required.

**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
Vista Lakes Community Development District
Orange County, Florida

We have audited the financial statements of the governmental activities and each major fund of Vista Lakes Community Development District, Orange County, Florida ("District") as of and for the fiscal year ended September 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.


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

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

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, and contracts, and 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 the management, Board of Supervisors of Vista Lakes Community Development District, Orange County, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.


April 27, 2010

**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
Vista Lakes Community Development District
Orange County, Florida

We have audited the accompanying basic financial statements of Vista Lakes Community Development District, Orange County, Florida ("District") as of and for the fiscal year ended September 30, 2009, and have issued our report thereon April 27, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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.

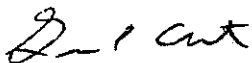
In addition, we have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters dated April 27, 2010. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. **Current year findings and recommendations.**
- II. **Status of prior year findings and recommendations.**
- III. **Compliance with the Provisions of the Auditor General of the State of Florida.**

This report is intended for the information of the management, Board of Supervisors of Vista Lakes Community Development District, Orange County, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Vista Lakes Community Development District, Orange County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.


April 27, 2010

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2008.

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2009.

4. Violations of provisions of contracts or grant agreements, or abuse that have an effect on the financial statements that is less than material but more than inconsequential.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2009.

5. For matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.
- b. Control deficiencies that are not significant deficiencies.

There were no such matters discovered by, or that came to the attention of, the auditor, that, in our judgment, are required to be reported, for the fiscal year ended September 30, 2009.

REPORT TO MANAGEMENT (Continued)

6. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
7. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2008 financial audit report.
8. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.