

SAN CARLOS ESTATES WATER CONTROL DISTRICT

Annual Financial Report

September 30, 2007

SAN CARLOS ESTATES WATER CONTROL DISTRICT

September 30, 2007

Table of Contents

	<u>Pages</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Statement of Net Assets and Governmental Funds Balance Sheet	8
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes Fund Balance	9-10
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	11-12
Notes to Financial Statements	13-24
Letters of Comments to Management	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	25-27
Independent Auditors' Management Letter	28-30
Auditee's Response to Auditors' Reports and Management Letter	31

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INDEPENDENT AUDITORS' REPORT

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Board of Supervisors
San Carlos Estates Water Control District
Bonita Springs, Florida

We have audited the accompanying financial statements of the governmental activities and the fund information of San Carlos Estates Water Control District as of and for the year ended September 30, 2007, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of San Carlos Estates Water Control District as of September 30, 2007, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 5, 2008, on our consideration of San Carlos Estates Water Control 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements, but is 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 supplementary information. However, we did not audit the information and express no opinion on it.

Boyd, Miller, Kierke & Perry, PA

September 5, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of **San Carlos Estates Water Control District** would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities during the fiscal year that ended on September 30, 2007. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's financial statements, which follow this section.

The District has entered into an agreement to provide for the administration of the District's operations and capital improvement program.

FINANCIAL AND DISTRICT HIGHLIGHTS

Financial Highlights

- The assets of the District exceeded its liabilities at the end of the fiscal year ended September 30, 2007 by \$11,990,746. Of this amount, \$8,384,755 (unrestricted net assets) may be used to meet the District's ongoing operations.
- The District's total net assets increased by \$6,061,626.
- The District's total revenue (on an accrual basis) was \$6,354,652 for the year ended September 30, 2007.
- Total expenses for all of the District's activities were \$293,026 for the year.

District Highlights

- The District commenced a Capital Improvement Program to improve the drainage of the swale areas and to pave the roadway system within the District boundaries. The final costs of the Program will be determined and the assessment will be adjusted.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to San Carlos Estates Water Control District's basic financial statements. The District's annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements themselves consist of three components: government-wide financial data, fund financial data and notes to the financial statements. The District is a special-purpose government engaged in a single governmental program. The District is allowed to present their fund financial data and their government-wide financial data combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. These statements present different views of the District:

- The last column of the statements is the *government-wide financial data* that provide both long-term and short-term information about the District's *overall* financial status.
- The fund financial data focus on individual parts of the District's government, reporting the District's operations in *more detail* than the government-wide data.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences between government-wide activities (reported in the statement of new assets and the

statement of activities) and governmental funds are reconciled in a footnote to the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Assets exceeded liabilities by \$11,990,746 for the fiscal year ended September 30, 2007. The largest assets include capital assessments, and capital assets (swale drainage and road improvements), approximately (47%) and (42%) of the District's total assets respectively.

The District uses capital assets to provide services to its landowners; accordingly, these assets are not available for future spending. An additional portion of the District's assets (\$2,475,133 or 9%) represents resources that are subject to restrictions on how they may be used. The remaining unrestricted net assets (\$8,384,755) may be used to meet the District's ongoing operations.

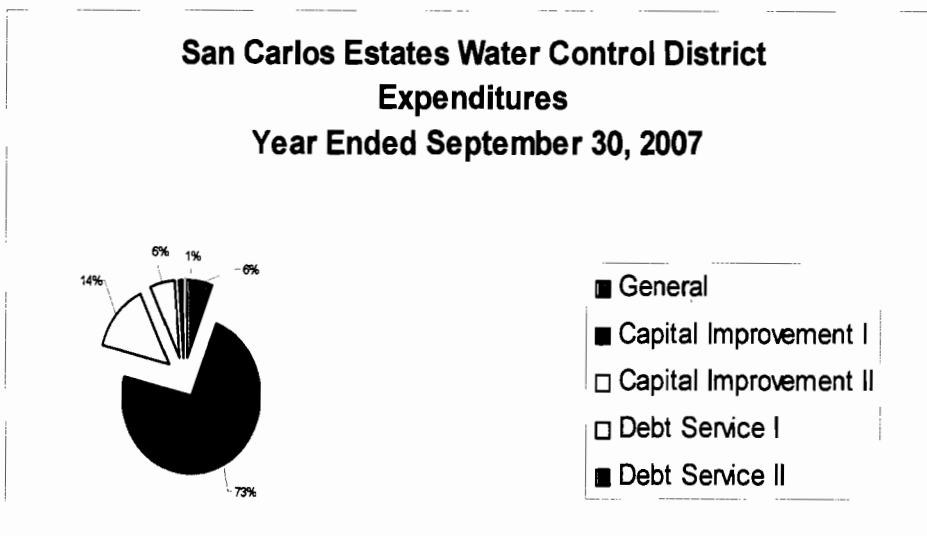
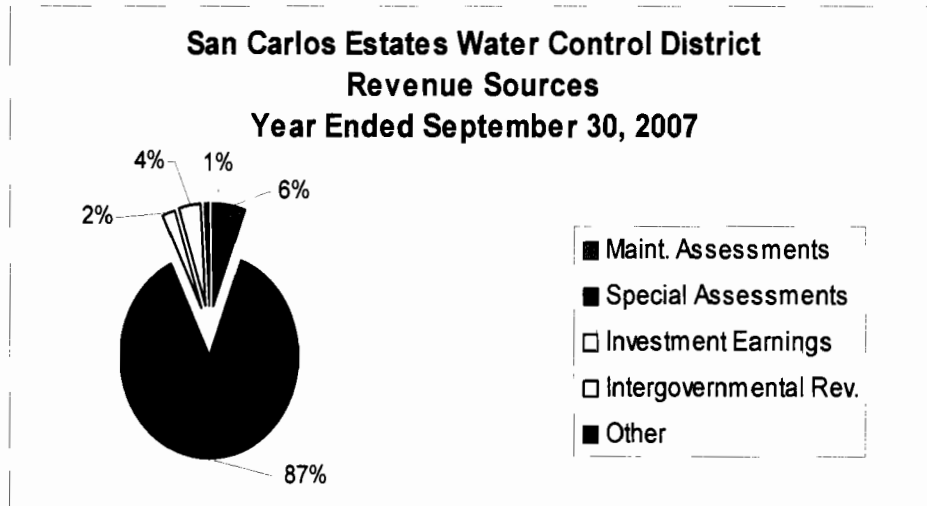
The following table highlights the net assets as of September 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Capital Assessments	\$ 13,068,628	\$ 12,231,001
Other current assets	12,061	35,261
Investments	2,805,180	5,384,747
Capital assets	<u>11,639,469</u>	<u>6,999,044</u>
Total Assets	<u>27,525,338</u>	<u>24,650,053</u>
Current liabilities	5,413,862	9,345,510
Other noncurrent liabilities	<u>10,120,730</u>	<u>9,375,425</u>
Total liabilities	<u>15,534,592</u>	<u>18,720,935</u>
Net Assets:		
Invested in capital assets, net of related debt	1,130,858	<2,711,220>
Restricted for Construction	2,475,133	114,733
Unrestricted	<u>8,384,755</u>	<u>8,525,605</u>
Total net assets	<u>\$ 11,990,746</u>	<u>\$ 5,929,118</u>

The following table highlights the changes in net assets for the years ended September 30,

	<u>2007</u>	<u>2006</u>
Revenues:		
Maintenance assessments	\$ 396,016	\$ 392,276
Special assessments	5,515,370	6,415,905
Investment earnings	151,057	311,905
Intergovernmental revenue	231,207	
Other income	<u>61,002</u>	<u>105</u>
Total revenues	<u>6,354,652</u>	<u>7,120,236</u>
Program expenses:		
Physical environment	<u>239,026</u>	<u>212,521</u>
Total expenses	<u>239,026</u>	<u>212,521</u>
Increase in net assets	6,061,626	6,907,715
Net assets, beginning of year	<u>5,929,118</u>	<u><978,597></u>
Net assets, end of year	<u>\$ 11,990,744</u>	<u>\$ 5,929,118</u>

The following graphs represent the sources of revenue and expenses for the fiscal year:



BUDGETARY HIGHLIGHTS

The District adopted the fiscal year 2006/2007 budget on June 20, 2006 with an increase of 1.68% in the assessment rate from FY 2006. Total expenditures budgeted for the fiscal year ended September 30, 2007 was approximately \$7,285,123. Total assessment revenue budgeted was approximately \$2,536,458.

Total actual expenditures were \$2,919,834 below budgeted expenditures. This was mainly due to the following:

- Capital improvement program for Phase I was approximately \$2,211,871 less than budgeted appropriations.
- Capital improvement program for Phase II was approximately \$42,682 less than budgeted appropriations.
- Maintenance and administration expenditures are \$353,544 than budgeted appropriations.

Total actual revenues were \$4,253,493 above the budgeted revenue. This is mainly due to collecting intergovernmental revenue and escrow collections more than budgeted during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the beginning of the fiscal year ended September 30, 2006, the District had \$6,999,044 invested in a construction of Phase I and Phase II improvements. A net increase of \$4,640,425 increased the total to \$11,639,469 by the end of the fiscal year.

The following table summarizes the District's capital assets, net of accumulated depreciation, for the years ended September 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Construction in progress	\$ <u>11,639,469</u>	\$ <u>6,999,044</u>

Debt

The following table presents the District's total outstanding debt for the fiscal years ended September 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Accounts payable and other liabilities	\$ 90,446	\$ 427,654
Deferred Revenues	4,935,585	8,047,848
Notes Payable - Bank	<u>10,508,561</u>	<u>10,245,433</u>
Total outstanding debt, September 30,	<u>\$ 15,534,592</u>	<u>\$ 18,720,935</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Bud Lawson
San Carlos Estates Water Control District
P. O. Box 367807
Bonita Springs, FL 34135

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Statement of Net Assets and
Governmental Funds Balance Sheet
September 30, 2007

	<u>General Fund</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Net Assets</u>
Assets			
Investments	\$ 2,805,180	\$	\$ 2,805,180
Capital assessments receivable - Phase I	11,498,526		11,498,526
Capital assessments receivable - Phase II	1,570,102		1,570,102
Accrued interest receivable	2,042		2,042
Prepaid expenses	5,992		5,992
Due from other government	4,027		4,027
Land		7,500	7,500
Other capital assets		11,631,969	11,631,969
Total assets	<u>\$15,885,869</u>	<u>11,639,469</u>	<u>27,525,338</u>
Liabilities			
Accounts payable	\$ 12,435		12,435
Accrued liabilities		78,011	78,011
Deferred revenue	4,935,585		4,935,585
Long-term liabilities			
Due within one year		387,967	387,967
Due in more than one year		10,120,594	10,120,594
Total liabilities	<u>4,948,020</u>	<u>10,586,572</u>	<u>15,534,592</u>
Fund balance/net assets			
Fund balance			
Reserved for prepaid expenses	5,992	(5,992)	
Unreserved	10,931,857	(10,931,857)	
Total fund balance	<u>10,937,849</u>	<u>(10,937,849)</u>	
Total liabilities and fund balance	<u>\$15,885,869</u>		
Net assets			
Invested in capital assets, net of related debt		1,130,858	1,130,858
Restricted for construction		2,475,133	2,475,133
Unrestricted		8,384,755	8,384,755
Total net assets		<u>\$ 11,990,746</u>	<u>\$11,990,746</u>

See accompanying notes.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Statement of Activities and Governmental
Fund Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended September 30, 2007

	<u>General Fund</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Activities</u>
Expenditures/expenses			
Physical environment			
General maintenance			
Swale mowing	\$ 107,250	\$	\$ 107,250
Administration	61,235		61,235
Engineer	39,225		39,225
Other professional services	20,750		20,750
Legal	17,598		17,598
Roads	15,575		15,575
Miscellaneous	11,476		11,476
Insurance	8,210		8,210
Auditor	4,415		4,415
Property Appraiser	4,325		4,325
Tax Collector	1,847	1,120	2,967
Capital Improvement Project - Phase I			
Construction	3,014,644	(3,014,644)	
Construction interest	426,631	(426,631)	
Project management	195,303	(195,303)	
Engineer	100,121	(100,121)	
Other professional services	82,568	(82,568)	
Legal	27,123	(27,123)	
Tax Collector	617	(617)	
Capital Improvement Project - Phase II			
Construction	598,519	(598,519)	
Project management	61,874	(61,874)	
Construction interest	43,224	(43,224)	
Other professional services	11,250	(11,250)	
Legal	1,157	(1,157)	
Tax Collector	500	(500)	
Debt service principal			
Phase I	334,970	(334,970)	
Phase II	66,734	(66,734)	
Total expenditures/expenses (carried forward)	<u>5,257,141</u>	<u>(4,964,115)</u>	<u>293,026</u>

See accompanying notes.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Statement of Activities and Governmental
Fund Revenues, Expenditures, and
Changes in Fund Balance (continued)
For the Year Ended September 30, 2007

	<u>General Fund</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Activities</u>
Total expenditures/expenses (brought forward)	5,257,141	(4,964,115)	293,026
Program revenues			
Capital assessments - Phase I	4,349,911		4,349,911
Capital assessments - Phase II	1,165,459		1,165,459
Intergovernmental revenue	231,207		231,207
Escrow collections	48,852		48,852
Use and collections fees	12,150		12,150
Total program revenues	5,807,579		5,807,579
General revenues			
Maintenance assessments	396,016		396,016
Interest income	151,057		151,057
Total general revenues	547,073		547,073
Excess of revenues over expenditures/expenses	1,097,511	(1,097,511)	
Other financing sources			
Loan proceeds	664,829	(664,829)	
Excess of revenues and other financing sources over expenditures/expenses	1,762,340	(1,762,340)	
Change in net assets		6,061,626	6,061,626
Fund balance/net assets			
Beginning of year	9,183,009	(10,245,433)	(1,062,424)
Prior period adjustment	(7,500)	6,999,044	6,991,544
End of year	\$10,937,849	\$ 1,052,897	\$11,990,746

See accompanying notes.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended September 30, 2007

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures				
Physical environment				
General maintenance				
Swale mowing	\$ 96,000	\$ 107,250	\$ 107,250	\$
Administration	68,925	61,400	61,235	165
Engineer	35,000	35,000	39,225	(4,225)
Other professional services	6,500	9,600	20,750	(11,150)
Legal	30,000	10,500	17,598	(7,098)
Roads	20,000	15,575	15,575	
Miscellaneous	1,300	12,004	11,476	528
Insurance	7,500	8,132	8,210	(78)
Auditor	4,000	4,415	4,415	
Property Appraiser	4,000	4,250	4,325	(75)
Tax Collector	4,025	4,046	1,847	2,199
Drainage	130,000			
Contingency	253,665	373,288		373,288
Capital Improvement Project -				
Phase I				
Construction	4,750,000	3,377,338	3,014,644	362,694
Construction interest	471,942	426,631	426,631	
Project management	250,000	230,686	195,303	35,383
Engineer	55,000	93,181	100,121	(6,940)
Other professional services	6,150	2,625	82,568	(79,943)
Legal	20,000	24,573	27,123	(2,550)
Tax Collector	1,400	1,360	617	743
Administration	1,000	280		280
Miscellaneous	500	2,060		2,060
Contingency		2,211,871		2,211,871
Capital Improvement Project -				
Phase II				
Construction	586,940	598,519	598,519	
Project management	8,000	17,000	61,874	(44,874)
Construction interest	103,558	43,224	43,224	
Other professional services	10,000	11,250	11,250	
Legal	5,000	1,200	1,157	43
Tax Collector		1,103	500	603
Miscellaneous	1,000	1,000		1,000
Administration	500			
Contingency		85,910		85,910
Debt service principal				
Phase I	289,658	334,970	334,970	
Phase II	63,560	66,734	66,734	
Total expenditures (carried forward)	7,285,123	8,176,975	5,257,141	2,919,834

See accompanying notes.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Total expenditures (brought forward)	<u>7,285,123</u>	<u>8,176,975</u>	<u>5,257,141</u>	<u>2,919,834</u>
Program revenues				
Capital assessments - Phase I	1,231,650	1,239,879	4,349,911	3,110,032
Capital assessments - Phase II	167,118	154,135	1,165,459	1,011,324
Intergovernmental revenue	200	108,800	231,207	122,407
Escrow collections			48,852	48,852
Use and collection fees	7,500	14,200	12,150	(2,050)
Total program revenues	<u>1,406,468</u>	<u>1,517,014</u>	<u>5,807,579</u>	<u>4,290,565</u>
General revenues				
Maintenance assessments	389,950	397,929	396,016	(1,913)
Interest income	128,600	186,216	151,057	(35,159)
Total general revenues	<u>518,550</u>	<u>584,145</u>	<u>547,073</u>	<u>(37,072)</u>
Excess of revenues over (under) expenditures	<u>(5,360,105)</u>	<u>(6,075,816)</u>	<u>1,097,511</u>	<u>7,173,327</u>
Other financing sources				
Loan proceeds	<u>611,440</u>	<u>671,805</u>	<u>664,829</u>	<u>(6,976)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ (4,748,665)</u>	<u>\$ (5,404,011)</u>	<u>1,762,340</u>	<u>\$7,166,351</u>
Fund balance (restated), beginning of year			<u>9,175,509</u>	
Fund balance, end of year			<u><u>\$10,937,849</u></u>	

See accompanying notes.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

The accounting methods and procedures adopted by San Carlos Estates Water Control District conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the District's Annual Financial Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

San Carlos Estates Water Control District (the District), a local governmental unit, was created by Circuit Court Decree, 12th Judicial Circuit, dated April 3, 1969, to provide water control and drainage services to a certain prescribed area in Lee County, Florida. The District is funded primarily by taxes and is operated by a three-person Board of Supervisors (the Supervisors).

The District is an independent special district created pursuant to the method authorized in Chapter 298 of the Florida Statutes. A three-member Board of Supervisors elected by the landowners of the District governs the District. The Board appoints an Administrator to administer the policies emanating from its statutory powers and authority.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure (roads, bridges, etc.).

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement all of the provisions of the Statement.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting Entity (continued)

Government Accounting Standards Board (GASB) Statement 14 entitled "The Financial Reporting Entity" establishes criteria for determining which organizations should be included in a governmental financial reporting entity. Based upon application of these criteria, the District has determined that there are no additional governmental departments, agencies, institutions, commissions, public authorities or other governmental organizations operating within the jurisdiction of the Supervisors that would be considered component units to be included in the financial statements of the District.

Basic Financial Statements - Government-wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's drainage activities and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions and activities. The functions are also supported by general government revenues (special assessments). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the District's functions and activities.

The District is a special-purpose government engaged in a single governmental program. The District is allowed to present their fund financial data and their government-wide financial data combined, using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

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.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental activities in the governmental-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after the year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Investments

Investments are stated at cost, which approximates market.

Receivables

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Buildings	15 - 30 years
Machinery and equipment	5 - 10 years
Improvements	10 - 20 years
General infrastructure	10 - 50 years

The depreciation of capital assets had not commenced as of September 30, 2007, as the construction projects had not been completed.

GASB Statement No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, canals and pumping stations. These infrastructure assets are likely to be the largest asset class of the District. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District is classified as a Phase 3 Government in accordance with the definitions contained in GASB 34. A Phase 3 Government is not required to report their major general infrastructure assets retroactively. The District elected to report their general infrastructure assets on a prospective basis.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues

Substantially all governmental fund revenues are accrued. Assessments are billed and collected within the same period in which the taxes are levied. Subsidies and grants which finance either capital or current operations, are reported as nonoperating revenue based on GASB Statement No. 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported for governmental activities in the period the inventory items are used, rather than in the period purchased.

Capitalization Policy

The capitalization policy of the District is to capitalize all assets with a cost of \$750 or more. Capital assets are recorded at cost. Expenditures for maintenance, repairs, and minor renewals are expensed as incurred. Major renewals and enhancements are capitalized.

Estimates

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

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

1. During April, the Administrator submits to the Board of Supervisors a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain taxpayer comments.
3. During May, the budget is legally enacted through passage of a resolution.
4. All budget changes must be approved by the Board of Supervisors.
5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
6. Total budgeted amounts reflect all amendments approved by the Board of Supervisors. Line item changes made during the year were approved by the Board of Supervisors.

NOTE 2 - INVESTMENTS

During the year, investments consisted of money market accounts, certificates of deposit, and a guaranteed investment contract. These funds were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer by financial institutions which comply with the requirements of Florida Statutes and have been designated as qualified public depositories by the State Treasurer.

The District's investments, as of September 30, 2007, are categorized as either (1) insured or registered for which the securities are held by the District or its agent in the District's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the District's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name.

	<u>Categories</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Money market accounts, certificates of deposit, and guaranteed investment contract	\$2,805,180	\$	\$	\$2,805,180	\$2,805,180

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 2 - INVESTMENTS (continued)

Florida Statutes, Chapter 218.345, authorizes the District to invest in the Local Government Surplus Funds Trust Fund administered by the State Treasurer; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest-bearing time deposits or savings accounts in financial institutions located in Florida and organized under Federal or Florida laws; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its district banks, or obligations guaranteed by the Government National Mortgage Association; securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Act of 1940 provided the portfolio is limited to United States Government obligations.

NOTE 3 - ASSESSMENTS

The District has the authority to annually levy a per acre maintenance assessment on the taxable acres contained within the District to maintain and operate the District. On June 20, 2006, the District levied a maintenance assessment of \$370.3249 per acre for the fiscal year ended September 30, 2007.

All assessments, which become an enforceable lien on the property as of January 1, are due and payable on November 1 of each year, or as soon thereafter as the tax roll is delivered to the county tax collector. All unpaid assessments become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The assessments paid in March are without discount.

On or prior to June 1 following the assessment year, tax certificates are sold for all delinquent assessments on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on an unredeemed tax certificate may be made by the certificate holder after a period of two years. Unsold certificates become the property of the District bearing interest at a rate of 18% per year.

The District has passed two special assessments to cover the costs of capital improvements made within the District. Property owners will be billed in installments over a twenty-year period. The amount of the assessments are based on the property owners' acreage. The amount of assessment revenues in excess of accumulated construction costs have been reflected in the financial statements as unearned revenues as of September 30, 2007. Upon completion of the projects the final assessments will be determined.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 4 - CAPITAL ASSETS

Schedule of Changes in Capital Assets

	October 1, 2006 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	September 30, 2007 <u>Balance</u>
Land	\$ 7,500	\$	\$	\$ 7,500
Construction in progress	7,068,438	4,563,531		11,631,969
	<u>7,075,938</u>	<u>4,563,531</u>		<u>11,639,469</u>
Less accumulated depreciation	-	-	-	-
	<u>\$7,075,938</u>	<u>\$4,563,531</u>	<u>\$</u>	<u>\$11,639,469</u>

NOTE 5 - LONG-TERM DEBT

On July 6, 2005, the District entered into a note payable with a bank to fund Phase I of the capital improvement project. Under the terms of the note, payments of \$380,800 are due semi-annually, beginning February 1, 2006, and ending August 1, 2025, based on an interest rate of 4.37% per annum. The note is collateralized by special assessments of the District.

On January 24, 2007, the District entered into a note payable with a bank to fund Phase II of the capital improvement project. Under the terms of the note, payments of \$48,973 are due semi-annually, beginning February 1, 2007, and ending August 1, 2025, based on an interest rate of 5.15% per annum. The note is collateralized by special assessments of the District.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 5 - LONG-TERM DEBT (continued)

Annual Maturities of Long-Term Debt

The annual requirements to amortize the long-term debt of the District as of September 30, 2007, are as follows:

Year Ending September 30,	Principal	Interest	Total Payments
Phase I			
2008	\$ 348,858	\$ 412,742	\$ 761,600
2009	365,603	395,997	761,600
2010	381,982	379,618	761,600
2011	399,094	362,506	761,600
2012	416,041	345,559	761,600
2013-2017	2,381,390	1,426,610	3,808,000
2018-2022	2,965,028	842,972	3,808,000
2023-2025	2,117,298	167,502	2,284,800
	<u>\$9,375,294</u>	<u>\$4,333,506</u>	<u>\$13,708,800</u>
Phase II			
2008	\$ 39,109	\$ 58,837	\$ 97,946
2009	41,337	56,609	97,946
2010	43,523	54,423	97,946
2011	45,826	52,120	97,946
2012	48,115	49,831	97,946
2013-2017	282,192	207,538	489,730
2018-2022	365,188	124,542	489,730
2023-2025	267,977	25,861	293,838
	<u>\$1,133,267</u>	<u>\$ 629,761</u>	<u>\$ 1,763,028</u>

NOTE 6 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to the opening fund balance/net assets to reflect proper presentation of the capital assets of the District in accordance with generally accepted governmental accounting principles.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 7 - FUND BALANCE/NET ASSETS

Reservations of the fund balance and restrictions of net assets of the District are created to either (1) satisfy legal covenants that require that a portion of the net assets be segregated, or (2) identify the portion of fund balance that is not appropriable for future expenditures. A specific reservation of the fund balance and a specific restriction of net assets are as follows:

Reserved for Prepaid Expenses

This reserve was created to represent the portion of the fund balance that is not available for expenditures because the District expects to use these resources within the next budgetary period.

Restricted for Construction

This restriction was created to represent the portion of net assets which is to be used solely for future construction.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of a public entity risk pool which is a cooperative group of governmental entities joining together to finance an exposure, liability, or risk. The pool provides coverage for property, liability, public officials liability, workers' compensation, automobile physical damage, general liability, and automobile liability. The costs of the property and casualty insurance and workers' compensation are accounted for in the General Fund. There were no settled claims which exceeded insurance coverage during the past three fiscal years.

The District financial reporting entity is covered by Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the liability of individual claims to \$100,000/\$200,000 for all claims relating to the same incident.

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 9 - OVER EXPENDITURES

At September 30, 2007, the following items had expenditures exceeding their budgeted amounts:

<u>Expenditure type</u>	<u>Over expenditure</u>
Physical environment	
General maintenance	
Engineer	\$ 4,225
Other professional services	11,150
Legal	7,098
Insurance	78
Property Appraiser	75
Capital Improvement Project - Phase I	
Engineer	6,940
Other professional services	79,943
Legal	2,550
Capital Improvement Project - Phase II	
Project management	44,874

NOTE 10 - FINANCIAL STATEMENT RECONCILIATIONS

The reconciliations of the Government-wide Financial Statements with the Governmental Fund Financial Statements are as follows:

Statement of Net Assets and Governmental Fund Balance Sheet

Total fund balance - governmental fund balance	\$ 10,937,849
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 in the funds.	11,639,469
Long-term liabilities and accrued liabilities are not due and payable in current period and are not reported in the funds.	(10,586,572)
Net assets of governmental activities	<u>\$ 11,990,746</u>

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2007

NOTE 10 - FINANCIAL STATEMENT RECONCILIATIONS (continued)

Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance

Net change in fund balance	\$ 1,762,340
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Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,563,531
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The net effect of various transactions involving loan proceeds and loan payments	(263,125)
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The net effect of various transactions involving available financial resources	(1,120)
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Change in net assets	<u><u>\$ 6,061,626</u></u>
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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

Board of Supervisors
San Carlos Estates Water Control District
Bonita Springs, Florida

We have audited the financial statements of the governmental activities and the fund information of San Carlos Estates Water Control District, as of and for the year ended September 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 5, 2008. 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 San Carlos Estates Water Control 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 San Carlos Estates Water Control District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of San Carlos Estates Water Control 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 San Carlos Estates Water Control 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 San Carlos Estates Water Control District's financial statements that is more than inconsequential will not be prevented or detected by San Carlos Estates Water Control District's internal control. We consider the deficiency described in the following paragraph to be a significant deficiency in internal control over financial reporting.

CURRENT YEAR COMMENT

Statement on Accounting Standards Number 112

Statement on Auditing Standards Number 112 requires the auditor to determine if San Carlos Estates Water Control District is capable of preparing the enclosed financial statements and has the skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements. We have determined that San Carlos Estates Water Control District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 112.

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 San Carlos Estates Water Control District's internal control.

Our consideration of the internal control over financial accounting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Carlos Estates Water Control 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.

San Carlos Estates Water Control District's response to the findings identified in our audit is described in the accompanying auditee's response to auditors' reports and management letter. We did not audit San Carlos Estates Water Control District's response, and, accordingly, we express no opinion on it.

This report is intended for the information of San Carlos Estates Water Control 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.

Respectfully submitted,

Boyd, Miller, Hinkle & Perry, PA

September 5, 2008

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Board of Supervisors
San Carlos Estates Water Control District
Bonita Springs, Florida

We have audited the financial statements of San Carlos Estates Water Control District, whose headquarters is located in Bonita Springs, Florida, as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated September 5, 2008.

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 Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters dated September 5, 2008. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(i)1.) require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal controls, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were none of these items disclosed in the preceding annual financial audit report.

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

The Rules of the Auditor General (Section 10.554(1)(i)3.) require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal controls, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report.

The Rules of the Auditor General (Section 10.554(1)(i)4.) require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal controls, violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Sections 10.554(1)(i)5.) require disclosure in the management letter, if not already addressed in the auditors' report on compliance and on internal controls, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. In connection with our audit we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)6.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. San Carlos Estates Water Control District was created by Circuit Court Decree, 12th Judicial Circuit, dated April 3, 1969.

As required by the Rules of the Auditor General (Section 10.554(1)(i)6.a.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that San Carlos Estates Water Control District is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(i)6.b.), we determined that the annual financial report for San Carlos Estates Water Control District for the fiscal year ended September 30, 2007, filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007.

As required by the Rules of the Auditor General (Section 10.554(1)(i)6.c.) and 10.556), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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.

This management letter is intended solely for the information of San Carlos Estates Water Control 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.

Respectfully submitted,

Boyd, Miller, Rucker & Perry, PA
September 5, 2008

SAN CARLOS ESTATES WATER CONTROL DISTRICT
P.O. Box 367807
Bonita Springs, Florida 34136

September 5, 2008

**AUDITEE'S RESPONSE TO AUDITORS'
REPORTS AND MANAGEMENT LETTER**

David W. Martin, CPA
Auditor General
State of Florida

Re: Fiscal Year 2006-2007

Dear Mr. Martin:

The Rules of the Auditor General (Section 10.558(i)) require the audit report to include a written statement of explanation, including corrective action to be taken, or a rebuttal regarding any deficiencies cited in the auditors' report and management letter.

**AUDITORS' COMMENT CONTAINED IN THE REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

Statement on Auditing Standards Number 112

The District has determined that it is not economically feasible to comply with the requirements of Statement on Auditing Standards Number 112 (Statement). The District is a small governmental entity with limited financial resources. The District possesses the business and operational acumen to detect any material misstatements in their financial records. If the District employed an individual with the knowledge required by the Statement, the financial cost incurred would exceed the benefit.

Sincerely,

San Carlos Estates Water Control District



Secretary/Treasurer

SAN CARLOS ESTATES WATER CONTROL DISTRICT
P.O. Box 367807
Bonita Springs, Florida 34136

September 5, 2008

Boy, Miller, Kisker & Perry, P. A.
Certified Public Accountants
P.O. Box 488
Clewiston, Florida 33440

Gentlemen:

We are providing this letter in connection with your audit of the financial statements of the San Carlos Estates Water Control District, as of September 30, 2007, and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fund information of the San Carlos Estates Water Control District and the respective changes in financial position and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of September 5, 2008, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

2. We have made available to you all -
 - a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Minutes of the meetings of the Board of Supervisors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards and state financial assistance.
5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
11. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
12. San Carlos Estates Water Control District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
13. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which San Carlos Estates Water Control District is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

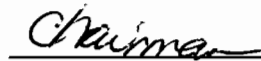
15. There are no -

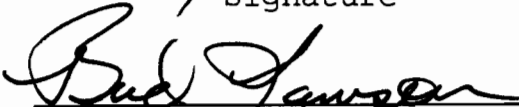
- a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
 - d. Reservations or designation of fund equity that were not properly authorized and approved.
16. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards and state financial assistance.
17. San Carlos Estates Water Control District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
18. San Carlos Estates Water Control District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
19. San Carlos Estates Water Control District has no component units or joint ventures with an equity interest.
20. The financial statements properly classify all funds and activities.

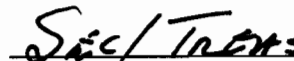
21. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
22. Net assets components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
28. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
29. Required supplementary information (RSI) is measured and presented within prescribed guidelines.

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.


Signature


Title


Signature


Title

SAN CARLOS ESTATES WATER CONTROL DISTRICT
Summary of Audit Differences
Governmental Fund Type
September 30, 2007

**Current Year Over (Under) Revenues
and Expenditures/Expenses and
Changes in Fund Balance/Equity**

Unadjusted audit differences:

None noted	\$-0-
Cumulative effect (before effect of prior year difference)	-0-
Effect of unadjusted audit differences - prior year	-0-
Cumulative effect (after effect of prior year differences)	\$-0-

	Balance Sheet	Statement(s) of Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
Reclassification adjustments:		
None noted	\$-0-	\$-0-

Unit Information

Unit ID: 300290

Year: 2007

Unit Name: San Carlos Estates Drainage District

Unit Status: Active

Unit Dependency: Independent

Location Information

Name: Mr. Chauncey Normandin

Title: President

Phone: (239) 495-4699

Fax: (239) 939-3032

Address:

P. O. Box 367807

Bonita Springs, FL 34136

Contact Information

Name: Mr. Bud Lawson

Title: Secretary/ Treasurer

Phone: (239) 495-4699

Email: scewcd@embarqmail.com

Address:

24199 Dietz Drive

Bonita Springs, FL 34135

AFR Details

Original AFR

AFR Status: Submitted

AFR Recieved Date: 9/30/2008

Audit Recieved Date: 9/30/2008

Submission Type: Electronic

Debt Information

Long-Term Debt: \$10,508,561

Audit Information

Was an audit performed? Yes

Audit Performed Date: 9/29/2008

Auditor Name: Boy, Miller, Kisker & Perry, P.A.

Address:

P. O. Box 488

Clewiston, FL 33440

Certification

Chief Financial Officer

Name: Bud Lawson

Title: Secretary/Treasurer

Chairman/Elected Official

Name: Chauncey Normandin

Title: President

Have You Experienced a Financial Emergency in this year?

Yes No

☐	☒
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If Yes, Have You Compiled With Section 218.503(2), Florida Statutes?

☐	☐
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Auditor General Rule: Section 10.554(1)(h)6.b): If applicable, does the Annual Financial Report agree with the Audited Financial Statement? (Do total revenues and expenditures per fund group on the AFR balance to the audited Statement of Revenues and Expenditures?)

☒	☐
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Revenues Report for FYE 2007

Account Code	General	Special Revenue	Debt Service	Capital Projects	Permanent	Enterprise	Internal Service	Pension	Trust	Component Units	Total
337300 - Local Government Unit Grant - Physical Environment	231,207										231,207
343900 - Service Charge - Other Physical Environment	61,002										61,002
361100 - Interest	151,057										151,057
363110 - Special Assessments - Capital Improvement	5,515,370										5,515,370
363120 - Special Assessments - Service Charges	396,016										396,016
Grand Total	6,354,652										6,354,652

Expenditures Report for FYE 2007

Account/Object Code	General	Special Revenue	Debt Service	Capital Projects	Permanent	Enterprise	Internal Service	Pension	Trust	Component Units	Total
538.30 - Flood Control/Stormwater Management - Operating Expenses	291,906										291,906
538.60 - Flood Control/Stormwater Management - Capital Outlay	4,093,676										4,093,676
538.70 - Flood Control/Stormwater Management - Debt Service	871,559										871,559
Grand Total	5,257,141										5,257,141

Component Unit	Type	Total Revenues	Total Expenditures	Total Debt
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