

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Bridgewater Community Development District
Lakeland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Bridgewater Community Development District, Lakeland, Florida ("District") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

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, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015, 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, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated March 30, 2015, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

March 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Bridgewater Community Development District, Lakeland, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2014. 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 position balance of \$14,413,216.
- The change in the District's total net position in comparison with the prior fiscal year was \$352,006, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2014, the District's governmental funds reported combined ending fund balances of \$2,781,455, an increase of \$446,330 in comparison with the prior fiscal year. A portion of fund balance is restricted for debt service and capital projects, non-spendable for prepaid items, assigned for capital reserve, and the remainder is unassigned 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 basic 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.

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 position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

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)

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 maintains three 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, debt service fund, and capital projects fund, all of which are considered to be 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.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position 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.

The District's net position 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 position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Key components of the District's net position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2014	2013
Current and other assets	\$ 2,866,902	\$ 2,492,010
Capital assets, net of depreciation	23,579,340	23,890,687
Total assets	<u>26,446,242</u>	<u>26,382,697</u>
Current liabilities	350,853	357,443
Long-term liabilities	11,682,173	11,964,044
Total liabilities	<u>12,033,026</u>	<u>12,321,487</u>
Net position		
Net investment in capital assets	12,760,234	12,811,664
Restricted	598,302	410,257
Unrestricted	1,054,680	839,289
Total net position	<u>\$ 14,413,216</u>	<u>\$ 14,061,210</u>

The District's net position increased during the most recent fiscal year. The majority of the increase resulted from a distribution from a settlement in the bankruptcy proceedings relating to the former Developer.

Key elements of the change in net position are reflected in the following table:

	CHANGES IN NET POSITION	
	FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2014	2013
Revenues:		
Program revenues		
Charges for services	\$ 1,477,045	\$ 1,514,477
Operating grants and contributions	-	3
Capital grants and contributions	1,257,551	-
General revenues	1,858	1,236
Total revenues	<u>2,736,454</u>	<u>1,515,716</u>
Expenses:		
General government	174,700	143,700
Maintenance and infrastructure costs	1,386,058	415,056
Interest on long-term debt	823,690	843,340
Total expenses	<u>2,384,448</u>	<u>1,402,096</u>
Change in net position	<u>352,006</u>	<u>113,620</u>
Net position, beginning, previously stated	14,061,210	14,365,432
Effect of adoption of GASB No. 65	-	(417,842)
Net position - beginning, as restated	14,061,210	13,947,590
Net position - ending	<u>\$ 14,413,216</u>	<u>\$ 14,061,210</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2014 was \$2,384,448. The costs of the District's activities were primarily funded by program revenues. As in the prior year, program revenues are comprised primarily of assessments. Program revenues increased during the fiscal year primarily resulting from a settlement in the bankruptcy proceedings with the former Developer relating to their project completion obligations. In total, expenses, including depreciation, increased from the prior fiscal year. The majority of the increase was the result of a distribution of \$1,000,000 of bankruptcy proceeds to the current Developer to further their project construction obligations and is shown as part of the maintenance and infrastructure costs.

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. Actual expenditures in the general fund did not exceed appropriations during the fiscal year ended September 30, 2014.

The variance between budgeted and actual general fund revenues for the 2014 fiscal year is primarily due the collection of delinquent assessments and penalties from the Developer . The actual general fund expenditures for the 2014 fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2014, the District had \$24,366,915 invested in construction in progress, infrastructure and street lighting for its governmental activities. In the government-wide financial statements depreciation of \$787,575 has been taken, which resulted in a net book value of \$23,579,340. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt

At September 30, 2014, the District had \$11,745,000 in Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for fiscal year 2015. In addition, it is anticipated that the general operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide homeowners, 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 Bridgewater Community Development District's Finance Department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

FINANCIAL STATEMENTS

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 856,570
Investments	3,906
Due from Developer	135,747
Deposits and prepaid items	21,113
Restricted assets:	
Investments	1,849,566
Capital assets	
Non-depreciable assets	16,878,537
Depreciable assets, net	<u>6,700,803</u>
Total assets	<u><u>26,446,242</u></u>
 LIABILITIES	
Accounts payable	13,138
Accrued interest payable	337,715
Non-current liabilities:	
Due within one year	260,000
Due in more than one year	<u>11,422,173</u>
Total liabilities	<u><u>12,033,026</u></u>
 NET POSITION	
Net investment in capital assets	12,760,234
Restricted for debt service	387,107
Restricted for capital projects	211,195
Unrestricted	<u>1,054,680</u>
Total net position	<u><u>\$ 14,413,216</u></u>

See notes to the financial statements

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	
Primary government:				
Governmental activities:				
General government	\$ 174,700	\$ 174,700	\$ -	\$ -
Maintenance and infrastructure costs	1,386,058	237,763	1,257,551	109,256
Interest on long-term debt	823,690	1,064,582	-	240,892
Total governmental activities	2,384,448	1,477,045	1,257,551	350,148
General revenues:				
Unrestricted investment earnings				1,858
Total general revenues				1,858
Change in net position				352,006
Net position - beginning				14,061,210
Net position - ending				\$ 14,413,216

See notes to the financial statements

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash	\$ 856,570	\$ -	\$ -	\$ 856,570
Investments	3,906	1,587,889	261,677	1,853,472
Due from Developer	135,747	-	-	135,747
Due from other funds	50,482	-	-	50,482
Deposits and prepaid items	21,113	-	-	21,113
Total assets	<u>\$ 1,067,818</u>	<u>\$ 1,587,889</u>	<u>\$ 261,677</u>	<u>\$ 2,917,384</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 13,138	\$ -	\$ -	\$ 13,138
Due to other funds	-	-	50,482	50,482
Total liabilities	<u>13,138</u>	<u>-</u>	<u>50,482</u>	<u>63,620</u>
Deferred Inflows of Resources:				
Unavailable revenue - Developer	72,309	-	-	72,309
Total deferred inflows of resources	<u>72,309</u>	<u>-</u>	<u>-</u>	<u>72,309</u>
Fund balances:				
Nonspendable:				
Deposits and prepaid items	21,113	-	-	21,113
Restricted for:				
Debt service	-	1,587,889	-	1,587,889
Capital projects	-	-	211,195	211,195
Assigned to:				
Capital reserves	233,137	-	-	233,137
Unassigned	728,121	-	-	728,121
Total fund balances	<u>982,371</u>	<u>1,587,889</u>	<u>211,195</u>	<u>2,781,455</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,067,818</u>	<u>\$ 1,587,889</u>	<u>\$ 261,677</u>	<u>\$ 2,917,384</u>

See notes to the financial statements

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, FLORIDA
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Total fund balances - governmental funds		\$ 2,781,455
Amounts reported for governmental activities in the statement of net position are different because:		
<p>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 position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.</p>		
Cost of capital assets	24,366,915	
Accumulated depreciation	<u>(787,575)</u>	23,579,340
<p>Assets that are not available to pay for current-period expenditures are unavailable revenues in the fund statements.</p>		
		72,309
<p>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.</p>		
Accrued interest payable	(337,715)	
Bonds payable	<u>(11,682,173)</u>	<u>(12,019,888)</u>
Net position of governmental activities		<u><u>\$ 14,413,216</u></u>

See notes to the financial statements

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Assessments	\$ 485,494	\$ 1,064,582	\$ -	\$ 1,550,076
Proceeds from bankruptcy settlement	-	-	1,257,551	1,257,551
Interest	1,858	-	-	1,858
Total revenues	<u>487,352</u>	<u>1,064,582</u>	<u>1,257,551</u>	<u>2,809,485</u>
EXPENDITURES				
Current:				
General government	124,219	-	50,481	174,700
Maintenance and infrastructure costs	74,711	-	1,000,000	1,074,711
Debt Service:				
Principal	-	285,000	-	285,000
Interest	-	828,744	-	828,744
Total expenditures	<u>198,930</u>	<u>1,113,744</u>	<u>1,050,481</u>	<u>2,363,155</u>
Excess (deficiency) of revenues over (under) expenditures	288,422	(49,162)	207,070	446,330
Fund balances - beginning	<u>693,949</u>	<u>1,637,051</u>	<u>4,125</u>	<u>2,335,125</u>
Fund balances - ending	<u>\$ 982,371</u>	<u>\$ 1,587,889</u>	<u>\$ 211,195</u>	<u>\$ 2,781,455</u>

See notes to the financial statements

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, 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, 2014**

Net change in fund balances - total governmental funds		\$ 446,330
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation on capital assets is not recognized in the governmental fund statement but is reported as an expense in the statement of activities.		(311,347)
Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.		285,000
Certain revenues were unavailable for the fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the governmental fund financial statements.		(73,031)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:		
Amortization of discount	(3,129)	
Change in accrued interest	8,183	5,054
Change in net position of governmental activities		\$ 352,006

See notes to the financial statements

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Bridgewater Community Development District ("District") was established by the City of Lakeland, Florida Ordinance No. 01-079 enacted on November 19, 2001 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 is governed by the Board of Supervisors ("Board"), which is composed of five members. Four of the Supervisors are elected on an at large basis by qualified electors that reside within the District and one is elected on an at large basis by landowners of the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. In September 2013, Bridgewater Lakeland Developers, LLC ("previous Developer") sold all its interest in lots held in the District to GP Homes, LLC ("New Developer"). At September 30, 2014, one of the Board members was affiliated with the New Developer.

The Board has the final responsibility for:

1. Allocating 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") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 position 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 2 – 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, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District benefited by the District's activities. Operation and maintenance assessments are levied by the District prior to the start of each fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special assessments are imposed upon all benefited lands in the District. Debt service special assessments are imposed upon certain lots and lands described in each resolution imposing the special assessment for each series of Bonds issued by the District and are levied at the time of issuance of the Bonds.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

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

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on the Bonds.

Capital Projects Fund

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

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

The District has adopted a written investment policy, which complies with the requirements of Section 218.415 Florida Statutes. All investments comply with the requirements of the written investment policy. 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;
- e) Short-term Bond Funds.

In addition, surplus funds may be deposited into certificates of deposit which are insured. Any unspent 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.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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 governmental 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 asset 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>
Street lights	15
Surface water management system	25

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Unearned Revenue

Governmental funds report unearned revenue 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 position. Bond premiums and discounts are deferred and amortized over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

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 Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the District reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

Fund Equity/Net Position

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

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

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 3 – 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) A public hearing is conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) 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 4 – 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.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The District's investments were held as follows at September 30, 2014:

	Fair Value	Credit Risk	Maturities
First American Treasury Obligations Fund CL Z	\$ 1,849,566	S&P AAAm	Weighted Average of the fund portfolio: 14 days
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	3,906	S&P AAAm	Weighted Average of the fund portfolio: 39 days
Total Investments	<u>\$ 1,853,472</u>		

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.

The Bond indenture limits the type of investments held using unspent Bond proceeds.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Infrastructure under construction	\$ 16,878,537	\$ -	\$ -	\$ 16,878,537
Total capital assets, not being depreciated	<u>16,878,537</u>	<u>-</u>	<u>-</u>	<u>16,878,537</u>
Capital assets, being depreciated				
Surface water management system	7,045,408	-	-	7,045,408
Street lights	442,970	-	-	442,970
Total capital assets, being depreciated	<u>7,488,378</u>	<u>-</u>	<u>-</u>	<u>7,488,378</u>
Less accumulated depreciation for:				
Surface water management system	(281,816)	(281,816)	-	(563,632)
Street lights	(194,412)	(29,531)	-	(223,943)
Total accumulated depreciation	<u>(476,228)</u>	<u>(311,347)</u>	<u>-</u>	<u>(787,575)</u>
Total capital assets, being depreciated, net	<u>7,012,150</u>	<u>(311,347)</u>	<u>-</u>	<u>6,700,803</u>
Governmental activities capital assets, net	<u>\$ 23,890,687</u>	<u>\$ (311,347)</u>	<u>\$ -</u>	<u>\$ 23,579,340</u>

The total projected cost of all infrastructure improvements for the District was estimated at approximately \$24.3 million, of which approximately \$11.1 million was funded by the Series 2004 Bonds. The remaining infrastructure costs were funded by the Developer. Phase two of the project is substantially complete. The District will convey certain infrastructure improvements to other governmental entities upon completion of the project.

Depreciation expense was charged to the maintenance and operations function.

NOTE 5 – CAPITAL ASSETS (Continued)

During the current fiscal year, the District reached a settlement in its bankruptcy claim against the previous Developer and received a distribution of \$1,257,551 – see Note 12 – Litigation and Claims for additional details. As a result, a distribution of \$1,000,000 was made to the New Developer towards completion expenditures relating to the District’s infrastructure project. Under an Acknowledgement and Release Agreement with the New Developer, the New Developer agreed to release the District from any further obligation relating to the planned construction project. See Note 12 – Litigation and Claims for additional information.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2014 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 50,482	\$ -
Capital projects	-	50,482
Total	<u>\$ 50,482</u>	<u>\$ 50,482</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances between the general fund and the capital projects fund relate to expenses paid by the general fund that are to be reimbursed by the capital projects fund.

NOTE 7 – LONG-TERM LIABILITIES

Series 2004A

On November 1, 2004 the District issued \$13,485,000 of Special Assessment Bonds, Series 2004A due on May 1, 2035 with a fixed interest rate of 6.0%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing on May 1, 2006 through May 1, 2035.

The Series 2004A Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the current fiscal year as the District collected assessments from lot closings and prepaid \$5,000 of the Series 2004A Bonds. See Note 13 - Subsequent Events for additional call amount subsequent to the fiscal year end.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Bond Indenture. The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments at the time of issuance of the Bonds that are paid in annual installments and are adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture at September 30, 2014.

Series 2011

On February 8, 2011, the District refinanced a portion of its Series 2004A Bonds with \$9,290,000 of Special Assessment Bonds Series 2011 due May 1, 2035 with a fixed interest rate of 7.21%. The Bonds were issued as part of a restructuring agreement from the previous Developer’s bankruptcy. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Series 2011 Bonds is to be paid serially commencing on May 1, 2012 through May 1, 2035.

The Series 2011 Bonds are subject to redemption at the option of the District prior to their maturity. The Bond is subject to extraordinary mandatory redemption prior to its selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Series 2011 (Continued)

This occurred during the current fiscal year as the District collected assessments from lot closings and prepaid \$35,000 of the Series 2011 Bonds. See Note 13 - Subsequent Events for additional call amount subsequent to the fiscal year end.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Bond Indenture. The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments at the time of issuance of the Bonds that are paid in annual installments and are adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture at September 30, 2014.

Long-term debt transactions

Changes in long-term liability activity for the fiscal year ended September 30, 2014 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2004	\$ 3,075,000	\$ -	\$ 75,000	\$ 3,000,000	\$ 75,000
Series 2011	8,955,000	-	210,000	8,745,000	185,000
Bond issue discount	(65,956)	-	(3,129)	(62,827)	-
Total Bonds payable	\$ 11,964,044	\$ -	\$ 281,871	\$ 11,682,173	\$ 260,000

At September 30, 2014, the scheduled debt service requirements on the long - term debt were as follows:

Year ending, September 30:	Governmental Activities		
	Principal	Interest	Total
2015	\$ 260,000	\$ 810,515	\$ 1,070,515
2016	280,000	792,676	1,072,676
2017	300,000	773,456	1,073,456
2018	315,000	752,855	1,067,855
2019	345,000	731,172	1,076,172
2020 - 2024	2,105,000	3,267,366	5,372,366
2025 - 2029	2,970,000	2,431,090	5,401,090
2030 - 2034	4,200,000	1,246,242	5,446,242
2035 - 2037	970,000	66,973	1,036,973
Total	\$ 11,745,000	\$ 10,872,345	\$ 22,617,345

NOTE 8 – RELATED PARTY TRANSACTIONS

Developer

The New Developer owns a significant portion of the lots within the District; therefore, assessment revenues in the general and debt service funds include assessments levied on those lots owned by the New Developer.

In 2010, the District entered into a forbearance agreement with the previous Developer regarding delinquent FY 2009 and 2010 assessments of \$304,644. In September 2013, the forbearance agreement was assigned to the New Developer. Under the agreement the New Developer agrees to pay the delinquent amounts in 5 installments from May 2011 to May 2015 plus penalties. As a result, during the current fiscal year, the District collected \$73,031 in assessments and penalties. Furthermore, at September 30, 2014, \$72,309 in accrued, but unavailable revenues is shown on the fund financial statements for the remaining balance on the agreement plus accrued penalties.

NOTE 8 – RELATED PARTY TRANSACTIONS (Continued)

HOA

The District has a cost share agreement with the Villages of Bridgewater Homeowners Association, Inc. (“HOA”). During the current fiscal year, the District incurred \$39,883 in landscape maintenance expenditures relating to the agreement, of which \$7,252 is payable to the HOA at September 30, 2014.

NOTE 9 – CONCENTRATION

A significant portion of the District’s activity is dependent upon the continued involvement of the New Developer, the loss of which could have a material adverse effect on the District’s operations.

NOTE 10 – MANAGEMENT COMPANY

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

NOTE 11 – 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. The District has not filed any claims under this commercial coverage during the last three years.

NOTE 12 – LITIGATION AND CLAIMS

The District has been involved in litigation relating to the previous Developer’s bankruptcy plan. On March 20, 2014, the Agreed Order on Litigation Trustee’s Motion to Establish Amount of Claim of Bridgewater Community Development District came before the bankruptcy court. The judge approved the order which established the District’s unsecured claim on the completion agreement at \$2,176,149. The District received a disbursement of \$1,257,551 from the litigation trust resolving the bankruptcy claims for the District.

NOTE 13 – SUBSEQUENT EVENTS

Bond Payments

Subsequent to fiscal year end, the District prepaid \$10,000 of the Series 2004A Bonds and \$10,000 of the Series 2011 Bonds. The prepayments were extraordinary mandatory redemptions as outlined in the Bond Indentures.

Bond Refinancing

Subsequent to fiscal year end, the District is undertaking the possible refinancing of its Series 2004A and 2011 Bonds into Series 2015 (Assessment Area One) and Series 2015 (Assessment Area Two) Bonds.

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget - Favorable (Unfavorable)
REVENUES			
Assessments	\$ 368,728	\$ 485,494	\$ 116,766
Interest and other revenues	1,000	1,858	858
Total revenues	369,728	487,352	117,624
EXPENDITURES			
Current:			
General government	124,794	124,219	575
Maintenance and infrastructure costs	244,934	74,711	170,223
Total expenditures	369,728	198,930	170,798
Excess (deficiency) of revenues over (under) expenditures	\$ -	288,422	\$ 288,422
Fund balance - beginning		693,949	
Fund balance - ending		\$ 982,371	

See notes to required supplementary information

**BRIDGEWATER COMMUNITY DEVELOPMENT DISTRICT
LAKELAND, 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. Actual expenditures in the general fund did not exceed appropriations during the fiscal year ended September 30, 2014.

The variance between budgeted and actual general fund revenues for the 2014 fiscal year is primarily due the collection of delinquent assessments and penalties from the Developer. The actual general fund expenditures for the 2014 fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Supervisors
Bridgewater Community Development District
Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Bridgewater Community Development District, Lakeland, Florida ("District") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 30, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 30, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Bridgewater Community Development District
Lakeland, Florida

We have examined Bridgewater Community Development District, Lakeland, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Bridgewater Community Development District, Lakeland, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

March 30, 2015



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

To the Board of Supervisors
Bridgewater Community Development District
Lakeland, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Bridgewater Community Development District ("District") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 30, 2015.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 30, 2015, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of 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.**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Supervisors of Bridgewater Community Development District, Lakeland, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Bridgewater Community Development District, Lakeland, 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.

March 30, 2015

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, 2013.

2. 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, 2014.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

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, 2014.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. 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, 2014 financial audit report.

6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2014. 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.