

**MEDITERRA NORTH COMMUNITY DEVELOPMENT DISTRICT
BONITA SPRINGS, FLORIDA
INDEPENDENT AUDITORS' REPORT AND
GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCEPTION FEBRUARY 21, 2001 TO
SEPTEMBER 30, 2001**

MEDITERRA NORTH COMMUNITY DEVELOPMENT DISTRICT
BONITA SPRINGS, FLORIDA

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Mediterra North Community Development District
Bonita Springs, Florida

We have audited the accompanying general-purpose financial statements of Mediterra North Community Development District, Bonita Springs, Florida ("District") as of and for the period from inception February 21, 2001 to September 30, 2001, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of September 30, 2001, and the results of its operations for the period from inception February 21, 2001 to September 30, 2001, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2001, on our consideration of the Mediterra North Community Development District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This 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.



December 5, 2001

**MEDITERRA NORTH COMMUNITY DEVELOPMENT DISTRICT,
BONITA SPRINGS, FLORIDA
BALANCE SHEET - ALL GOVERNMENTAL FUND TYPES
AND ACCOUNT GROUPS
SEPTEMBER 30, 2001**

ASSETS	Governmental Fund Types				Account Groups			Totals
	General Fund	Debt Service Fund		Capital Projects Fund	General Fixed Assets	General Long-term Debt	(Memorandum Only) 2001	
		\$	\$	\$	\$	\$		
Cash	896						896	
Investments		2,320,430	8,374,769				10,695,199	
Accrued interest		4,790	26,932				31,722	
Due from developer							6,056	
Prepaid insurance	6,056						1,477	
Fixed assets				9,648,018			9,648,018	
Amount available for retirement of general long-term debt					2,212,937		2,212,937	
Amount to be provided for retirement of general long-term debt					17,817,063		17,817,063	
Total Assets	\$ 8,429	\$ 2,325,220	\$ 8,401,701	\$ 9,648,018	\$ 20,030,000		\$ 40,413,368	

(Continued)

See notes to the financial statements

**MEDITERRA NORTH COMMUNITY DEVELOPMENT DISTRICT,
 BONITA SPRINGS, FLORIDA
 BALANCE SHEET - ALL GOVERNMENTAL FUND TYPES
 AND ACCOUNT GROUPS
 SEPTEMBER 30, 2001
 (Continued)**

	Governmental Fund Types				Account Groups			Totals (Memorandum Only)
	General Fund	Debt Service Fund	Capital Projects Fund	General Fixed Assets	General Long-term Debt	2001		
LIABILITIES								
Accounts payable	\$ 6,510						\$ 6,510	
Contracts payable			567,914				567,914	
Accrued interest		112,283					112,283	
Bonds payable					20,030,000		20,030,000	
								<u>20,716,707</u>
FUND EQUITY								
Investment in General Fixed Assets				9,648,018			9,648,018	
Fund Balance								
Reserved for debt service			2,212,937				2,212,937	
Reserved for capital projects				7,833,787			7,833,787	
Unreserved	1,919						1,919	
Total Fund Equity	1,919		2,212,937	7,833,787		9,648,018	19,696,661	
Total Liabilities and Fund Equity	\$ 8,429	\$ 2,325,220	\$ 8,401,701	\$ 9,648,018	\$ 20,030,000		\$ 40,413,368	

See notes to the financial statements

**MEDITERRA NORTH COMMUNITY DEVELOPMENT DISTRICT,
 BONITA SPRINGS, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE PERIOD FROM INCEPTION
 FEBRUARY 21, 2001 TO SEPTEMBER 30, 2001**

	General Fund	Debt Service Fund	Capital Projects Fund	Total (Memorandum Only) 2001
REVENUES				
Developer contributions	\$ 86,417	\$	\$	\$ 86,417
Interest income		11,960	71,273	83,233
Total Revenues	<u>86,417</u>	<u>11,960</u>	<u>71,273</u>	<u>169,650</u>
EXPENDITURES				
Current:				
General Government	84,498			84,498
Debt service:				
Cost of issuance			418,492	418,492
Capital outlay			9,648,017	9,648,017
Total Expenditures	<u>84,498</u>		<u>10,066,509</u>	<u>10,151,007</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,919	11,960	(9,995,236)	(9,981,357)
OTHER FINANCING SOURCES				
Bond proceeds		2,200,977	17,829,023	20,030,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	1,919	2,212,937	7,833,787	10,048,643
FUND BALANCES - BEGINNING				
FUND BALANCES - SEPTEMBER 30	<u>\$ 1,919</u>	<u>\$ 2,212,937</u>	<u>\$ 7,833,787</u>	<u>\$ 10,048,643</u>

See notes to the financial statements

**MEDITERRA NORTH COMMUNITY DEVELOPMENT DISTRICT,
 BONITA SPRINGS, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES
 FOR THE PERIOD FROM INCEPTION
 FEBRUARY 21, 2001 TO SEPTEMBER 30, 2001**

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Developer contributions	\$ 100,000	\$ 86,417	\$ (13,583)
EXPENDITURES			
Current			
General Government	100,000	84,498	15,502
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$	1,919	\$ 1,919
FUND BALANCES - BEGINNING			
FUND BALANCES - SEPTEMBER 30		\$ 1,919	

See notes to the financial statements

**MEDITERRA NORTH COMMUNITY DEVELOPMENT DISTRICT
BONITA SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - THE DISTRICT

Mediterra North Community Development District ("District") was created on February 21, 2001 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Bonita Springs Ordinance 01-04. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by the Board of Supervisors ("Board") which is composed of five members. The Supervisors are elected on a at large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre. The Developer "Long Bay Partners, LLC" currently owns all of the land. All of the Board members are affiliated with the Developer. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

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

Reporting Entity

The District's financial statements include the operations of all Organizations for which the District Board of Supervisors is considered to be financially accountable. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District. As a result of the facts and circumstances discussed above, the District is treated as a separate entity from that of Bonita Springs.

Budget Requirements

The District is required to establish a budgetary system and an approved Annual Budget. 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 generally accepted accounting principles.

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

- a) Each year the District's Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.

NOTE 1 - THE DISTRICT (Continued)

- 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.
- g) The budget amounts shown in the financial statements are the final authorized amounts.

No budget was prepared for the Debt Service Fund as there were no expenditures during the period from inception February 21, 2001 to September 30, 2001. Budgetary data for the Capital Projects Fund has not been presented in the accompanying financial statements as such funds are budgeted over the life of the respective project and not on an annual basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounts of the District are organized on the basis of funds and account groups each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds are grouped in the financial statements in this report, into one fund type and two account group categories as follows:

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 long-term general obligation debt.

Capital Projects Fund

Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Account Group

General Fixed Assets Account Group

This account group is used to establish accounting control and accountability for the fixed assets of the District utilized in its general operations.

General Long Term Debt Account Group

The General Long Term Debt Account Group is used to account for long term liabilities to be financed from governmental fund types.

Fixed Assets

Public domain general fixed assets consisting of certain improvements including bridges and drainage systems are capitalized and are valued at historical cost. No depreciation has been provided on general fixed assets, nor has interest been capitalized.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accounting and financial reporting treatment applied to all funds is determined by its measurement focus. All Governmental Funds are accounted for on a spending measurement focus. Only current assets and current liabilities are generally included in their balance sheet. Their operating statements present sources (revenue and other financing sources) and uses (expenditures and other financing uses) of available spendable resources (net current assets) during the period.

The modified accrual basis of accounting is used for all governmental fund types. Under this method, revenues are recorded when received in cash, except in cases where they are both measurable and available. "Measurable" means that the amount of transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when goods or services are received and actual liabilities are incurred. Disbursements for the purchase of capital assets providing future benefits are considered expenditures and are accounted for in the General Fixed Assets Account Group. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are developer contributions and interest revenue.

Investments

Investments consisting of cash management accounts investing in short term government obligations are stated at cost which approximates fair value.

Encumbrances

The District does not have a formalized encumbrance accounting system. However, substantially all expenditures for consultants are performed under contracts.

Total Columns on Combined Statement

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Also, such data is not comparable to a consolidation.

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.

New Pronouncements

The District intends to adopt Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*," for its fiscal year ending September 30, 2004. Management has not yet completed the process of evaluating the impact that will result from adopting these statements and is therefore unable to disclose the effect they will have on the District's financial position and results of operations.

NOTE 3 - CASH AND INVESTMENTS

Cash

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

Investments

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes.

Certain investments are required to be categorized to give an indication of the level of risk assumed by the entity at year end. The three categories of risk are:

- 1) Insured or registered, or securities held by the entity or its agent in the entities name.
- 2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the entities name.
- 3) Uninsured and unregistered, with securities held by the counter party or by its trust department or agent but not in the entities name.

The District records all interest revenue related to investment activities in the respective funds.

	CARRYING/ FAIR VALUE
Cash management account	<u>\$10,695,199</u>

The cash management account investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

NOTE 4 - GENERAL FIXED ASSETS

Changes in general fixed assets during the period from February 21, 2001 to September 30, 2001 are summarized below:

	Balance February 21, 2001	<u>Additions</u>	<u>Deletions</u>	Balance September 30, 2001
Land	\$	\$ 5,913,600		\$ 5,913,600
Infrastructure under construction		3,734,418		3,734,418
	<u>\$</u>	<u>\$9,648,018</u>	<u>\$</u>	<u>\$9,648,018</u>

Construction of the Project commenced in November 2000 and was funded by developer operating funds, developer arranged financing or a combination of both. A portion of the proceeds of the 2001 Bonds was paid to the Developer at closing to acquire a portion of the Project. The balance will be paid to the Developer according to the Project Improvement Acquisition Agreement between the Developer and the District, as the remaining components of the 2001 Project are completed and acquired by the District. All of the current period additions were acquired from the Developer. The total development costs to be financed from the bond proceeds has been estimated at approximately \$17,445,000.

NOTE 5 - LONG TERM DEBT

On July 31, 2001, the District issued \$20,030,000 of Capital Improvement Revenue Bonds, Series 2001 consisting of \$18,200,000 Term Bonds Series 2001A due on May 1, 2031 with a fixed interest rate of 6.80%, and \$1,830,000 Term Bonds Series 2001B due on May 1, 2008 with a fixed interest rate of 6.05%. 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, commencing November 1, 2001. Principal on the 2001A bonds is to be paid serially commencing May 1, 2002 through May 1, 2031. Principal on the 2001B bonds is due in on lump sum payment on May 1, 2008.

The Series 2001 B Bonds are not subject to redemption at the option of the District prior to their maturity. The Series 2001A Bonds may, at the option of the District, be called for redemption as a whole or in part on any interest payment date on or after May 1, 2011 at a redemption price set in the Bond Indenture.

The Series 2001A Bonds and Series 2001B Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a Debt Service Reserve Requirement in the Reserve Fund which is included in the Debt Service Fund. The requirement was met as of September 30, 2001.

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 in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Bond Indenture.

NOTE 5 - LONG TERM DEBT (Continued)

The following is a summary of bond transactions for the period from inception February 21, 2001 to September 30, 2001:

	General Long-Term Debt <u>Account Group</u>
Balance, February 21, 2001	\$
Additions	20,030,000
Deletions	<u> </u>
Bond payable at September 30, 2001	<u>\$ 20,030,000</u>

At September 30, 2001, the scheduled debt service requirements on the long - term debt were as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 390,000	\$ 1,122,833	\$ 1,512,833
2003	210,000	1,320,880	1,530,880
2004	225,000	1,306,600	1,531,600
2005	240,000	1,291,300	1,531,300
2006	255,000	1,274,980	1,529,980
2007 through 2032	<u>18,710,000</u>	<u>18,896,140</u>	<u>37,606,140</u>
Total	<u>\$20,030,000</u>	<u>\$25,212,733</u>	<u>\$ 45,242,733</u>

NOTE 6 - DEVELOPER CONTRIBUTIONS

The Developer has agreed to fund the operations of the District. At the end of the fiscal year the Developer owed the District \$6,056 for current operations. As all of the land is currently owned by the Developer and the Developer has agreed to provide the monies for the operations of the District, the District is economically dependent on the Developer.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Mediterra North Community Development District
Bonita Springs, Florida

We have audited the general-purpose financial statements of Mediterra North Community Development District, Bonita Springs, Florida as of and for the period from inception February 21, 2001 to September 30, 2001, and have issued our report thereon dated December 5, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the Mediterra North Community Development District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general-purpose 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mediterra North Community Development District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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



December 5, 2001

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

To the Board of Supervisors
Mediterra North Community Development District
Bonita Springs, Florida

We have audited the accompanying general-purpose financial statements of Mediterra North Community Development District (the "District") as of and for the period from inception February 21, 2001 to September 30, 2001, and have issued our report thereon dated December 5, 2001.

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

The purpose of this letter is to comment on those matters described in Rule 10.554(1)(g) as required by the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the general-purpose financial statements of the District, as described in the first paragraph, we report the following which is included on page 14:

- 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.**

We previously reported on the District's internal control in our report dated December 5, 2001 on page 12.

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

We wish to thank the Mediterra North Community Development District 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.



December 5, 2001

MANAGEMENT LETTER

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None - N/A First year of District operations.

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

1. There were no inaccuracies, shortages, defalcations, fraud, or violations of laws, rules, regulations, or contractual provisions reported in the previous annual financial audit, as this is the first year of operations.
2. There were no recommendations made in the annual financial audit for the year ended September 30, 2000, as this is the first year of operations.
3. The financial report filed with the Department of Banking and Finance pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2001 financial audit report.
4. The District is not and was not in a state of financial emergency as a consequence of conditions described in section 218.503(1), Florida Statutes.
5. There were no current year recommendations.
6. There were no violation of laws, rules, regulations and contractual provisions that have occurred, or are likely to have occurred and were discovered within the scope of the audit.
7. There were no illegal or improper expenditures discovered within the scope of the audit that may or may not materially affect the general-purpose financial statements.
8. There were no matters requiring correction that may or may not materially affect the general purpose financial statements. (Improper or inadequate accounting procedures, failure to properly record financial transactions or other inaccuracies, shortages, defalcations, or instances of fraud)
9. The District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
10. The Mediterra North Community Development District, Bonita Springs, Florida was established under Uniform Community Development District Act, of 1980, otherwise known as Chapter 190, Florida Statutes, on February 21, 2001, and is controlled by an elective body consisting of five members of the Board of Supervisors. The District is financially independent as evidenced by the authority to make and approve its own budget, the power to tax, the authority to buy and sell property, and the authority to incur debt.
11. We applied financial condition assessment procedures pursuant to Rule 10.556 (8) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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