

# Lakewood Ranch Stewardship District

AUDITED FINANCIAL STATEMENTS

**September 30, 2018**

**Lakewood Ranch Stewardship District**  
**Table of Contents**  
**September 30, 2018**

**TAB: REPORT**

Independent Auditors' Report	1
Management's Discussion and Analysis	3

**TAB: BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements:

Statement of Net Position	8
Statement of Activities	9

Fund Financial Statements:

Balance Sheet – Governmental Funds and Reconciliation of the Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	12

Notes to the Financial Statements	13
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**REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedule – General Fund	24
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**OTHER NON-FINANCIAL INFORMATION**

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25
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Independent Accountants' Report on Compliance with Florida Statutes 218.415 – Investment of Public Funds	27
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Management Letter	28
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# REPORT



## **INDEPENDENT AUDITORS' REPORT**

Board of Supervisors  
Lakewood Ranch Stewardship District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Lakewood Ranch Stewardship District ("District"), as of and for the year then ended September 30, 2018, 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.

### **Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain 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 District'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 District'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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lakewood Ranch Stewardship District, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

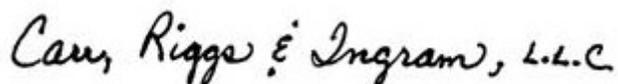
## Other Matters

### 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 on pages 3 through 7 and page 24 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 June 14, 2019, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's 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.



Carr, Riggs, & Ingram, LLC

Bradenton, Florida  
June 14, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the Lakewood Ranch Stewardship District ("District") for the fiscal year ended September 30, 2018.

### Financial Highlights and Analysis of Financial Statements

- As of September 30, 2018 and 2017, the total assets of the District were \$285,182,769, and \$300,020,030, respectively, a decrease of \$14,837,261. The primary factors for the change were the approximate \$14.9 million in net proceeds from one new bond issues less approximately \$11.1 million in depreciation charges.
- As of September 30, 2018 and 2017, the total liabilities of the District were \$279,134,946 and \$293,154,197, respectively, a decrease of \$14,019,251. The primary factor for the change was the approximate \$14.9 million of debt from the one new bond issue less approximately \$24.8 million in bond principal payments.
- In the government-wide financial statements (accrual basis), the District's assets exceeded liabilities by \$6,047,823 and \$6,865,833 as of September 30, 2018 and 2017, respectively.
- In the governmental funds (modified accrual basis), the District's fund balance totaled \$75,951,657 and \$128,333,503 as of September 30, 2018 and 2017, respectively. The primary factor for both of these variances was the change in assets and liabilities as discussed above.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**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 of the District's assets and liabilities, with the difference between the two 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 District'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 District's governmental activities include general government, physical environment, and interest on long-term debt.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds are governmental funds.

**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 government'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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 to 12 of this report.

**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. The notes to the financial statements can be found on pages 13 through 23 of this report.

## Government-Wide Financial Analysis

Statement of Net Position	2018	2017
Current and other assets	\$ 78,292,975	\$ 133,237,442
Capital assets	<b>206,889,794</b>	166,782,588
<b>Total assets</b>	<b>\$ 285,182,769</b>	<b>\$ 300,020,030</b>
Current liabilities	\$ 7,520,318	\$ 12,013,027
Long-term liabilities	<b>271,614,628</b>	281,141,170
<b>Total liabilities</b>	<b>\$ 279,134,946</b>	<b>\$ 293,154,197</b>
Net investment in capital assets	\$ (69,903,834)	\$ (121,467,670)
Restricted	<b>78,073,720</b>	132,702,654
Unrestricted	<b>(2,122,063)</b>	(4,369,151)
<b>Total net position</b>	<b>\$ 6,047,823</b>	<b>\$ 6,865,833</b>

Current and other assets decreased by \$54.9 million primarily due to investments held as a result of bond proceeds less capital outlay for the Villages of Lakewood Ranch South, Lakewood Centre Northwest, Del Webb, Northeast Sector, Lakewood Centre South, and Lakewood National & Polo Run infrastructure projects.

The primary changes in the capital assets increase of approximately \$40.1 million were the completion of Lakewood National & Polo Run infrastructure improvements, and the infrastructure improvements on the Villages of Lakewood Ranch South, Lakewood Centre Northwest, Del Webb, Northeast Sector, and Lakewood Centre South projects of approximately \$51.2 million less approximately \$11.1 million of depreciation expense.

Total liabilities decreased by approximately \$14.0 million, due primarily to new bonds issued Northeast Sector (\$14.9 million) less scheduled debt service payments made (\$24.8 million).

The net investment in capital assets of (\$69,899,161) does not take into account the \$78,073,720 of existing funds restricted for both capital improvements and debt service.

Statement of Activities	2018	2017
Program revenues		
Charges for services	\$ 13,368,046	\$ 19,380,798
Operating grants and contributions	13,571,184	11,489,033
General revenues		
Investment income	671,589	479,062
Non advalorem assessments	2,551,151	1,838,200
Total revenues	30,161,970	33,187,093
Expenses		
General government	573,807	418,794
Physical environment	14,638,031	9,883,444
Interest on long-term debt	15,768,142	15,122,962
Total expenses	30,979,980	25,425,200
Changes in net position	(818,010)	7,761,893
Net position - beginning	6,865,833	(896,060)
Net position - ending	\$ 6,047,823	\$ 6,865,833

Charges for services consist of lot sale proceeds and operating grants and contributions consists of Developer cash funding contributions. As the statement of activities is on an accrual basis, the expenses include \$2,325,846 of accounts payable with payments made in October 2018 from additional Program revenues received. Charges for services decreased by \$6,012,752, primarily due to a large land sale that occurred in 2017. Physical environment increased by \$4,754,587 due to costs associated with new projects.

### Capital Assets

During the year ended September 30, 2018, the District had a gross infrastructure increase of approximately \$51.2 million. Primary capital projects continuing were the Lakewood Centre North, Villages of Lakewood Ranch South, Del Webb, Northeast Sector, and Lakewood Centre South, and Lakewood National & Polo Run projects. Additional information on the District's capital assets can be found in Note 4 of this report.

### Debt Administration

During the year ended September 30, 2018, the District issued one new bond, Northeast Sector (\$14.9 million). Approximately \$24.8 million was made in repayments of amounts due on the various issues of the District.

Additional information on the District's long-term debt can be found in Notes 5 and 6 of this report.



## **Budgetary Highlights**

The District set its annual budget for the District expecting to be operational for the entire year. Assessments and landowner funding came in higher than anticipated by approximately \$199,000 and \$81,000 respectively. The variance of the budgeted expenditures compared with actual results was \$280,000 lower than anticipated, within the various areas within District operations. There were no budget amendments during the year.

## **Economic Factors and Year 2018 Budget**

The District is anticipating increased interest in the various developments and projects currently underway. Next year's budget main components will be maintenance of the project areas, administration of the District, and continued infrastructure acquisition and improvements on capital projects begun in 2015, 2016, 2017 and 2018.

## **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lakewood Ranch Stewardship District, Attn: Supervisor, 14400 Covenant Way, Bradenton, Florida 34202.



# **FINANCIAL STATEMENTS**



## BASIC FINANCIAL STATEMENTS

**Lakewood Ranch Stewardship District**  
**Statement of Net Position**

<i>September 30, 2018</i>	Governmental Activities
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 50,395
Cash and cash equivalents - restricted	78,072,578
<b>Total current assets</b>	<b>78,122,973</b>
Other Assets:	
Deposits	3,000
Accrued interest receivable	1,142
Prepaid expenses	700
Due from Land Owner	165,160
<b>Total other assets</b>	<b>170,002</b>
Capital Assets:	
Depreciable assets:	
District infrastructure	252,912,517
Less accumulated depreciation	(62,441,030)
<b>Net depreciable assets</b>	<b>190,471,487</b>
Non-depreciable assets:	
Construction in progress	16,418,307
<b>Total capital assets</b>	<b>206,889,794</b>
<b>Total assets</b>	<b>285,182,769</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	2,325,846
Accrued expenses	12,472
Bonds payable, current portion	5,182,000
<b>Total current liabilities</b>	<b>7,520,318</b>
Non-current Liabilities:	
Bonds payable, long-term portion	271,614,628
<b>Total non-current liabilities</b>	<b>271,614,628</b>
<b>Total liabilities</b>	<b>279,134,946</b>
<b>Net Position</b>	
Net investment in capital assets	(69,903,834)
Restricted for debt service	24,419,306
Restricted for capital projects	53,654,414
Unrestricted	(2,122,063)
<b>Total net position</b>	<b>\$ 6,047,823</b>

*The notes to the financial statements are an integral part of this statement*

## Lakewood Ranch Stewardship District Statement of Activities

<i>For the year ended September 30, 2018</i>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 573,807	\$ 13,368,046	\$ 13,571,184	\$ -	\$ 26,365,423
Physical environment	14,638,031	-	-	-	(14,638,031)
Interest on long-term debt	15,768,142	-	-	-	(15,768,142)
<b>Total governmental activities</b>	<b>\$ 30,979,980</b>	<b>\$ 13,368,046</b>	<b>\$ 13,571,184</b>	<b>\$ -</b>	<b>(4,040,750)</b>
General revenues:					
					2,551,151
					671,589
					3,222,740
					(818,010)
					6,865,833
					\$ 6,047,823

*The notes to the financial statements are an integral part of this statement*

## Lakewood Ranch Stewardship District Balance Sheet – Governmental Funds and Reconciliation of the Balance Sheet to the Statement of Net Position

	Major Funds			Total
	General	Debt Service	Capital Projects	Governmental Funds
<i>September 30, 2018</i>				
<b>Assets</b>				
Cash and cash equivalents	\$ 50,395	\$ -	\$ -	\$ 50,395
Cash and cash equivalents - restricted	-	24,418,164	53,654,414	78,072,578
Accrued interest receivable	-	1,142	-	1,142
Other receivables	-	-	-	-
Prepaid expenses	700	-	-	700
Due from Land Owner	165,160	-	-	165,160
<b>Total assets</b>	<b>\$ 216,255</b>	<b>\$ 24,419,306</b>	<b>\$ 53,654,414</b>	<b>\$ 78,289,975</b>
<b>Liabilities</b>				
Accounts payable	\$ 186,076	-	\$ 2,139,770	\$ 2,325,846
Accrued expenses	12,472	-	-	12,472
<b>Total liabilities</b>	<b>198,548</b>	<b>-</b>	<b>2,139,770</b>	<b>2,338,318</b>
<b>Fund Balances</b>				
Restricted reported in Debt service fund	-	24,419,306	-	24,419,306
Restricted reported Capital projects fund	-	-	51,514,644	51,514,644
Unassigned reported in General fund	17,707	-	-	17,707
<b>Total fund balances</b>	<b>17,707</b>	<b>24,419,306</b>	<b>51,514,644</b>	<b>75,951,657</b>
<b>Total liabilities and fund balances</b>	<b>\$ 216,255</b>	<b>\$ 24,419,306</b>	<b>\$ 53,654,414</b>	<b>\$ 78,289,975</b>
Amounts reported for governmental activities in the statement of net position are different because:				
Fund balance - governmental funds				\$ 75,951,657
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds				206,889,794
Other long-term assets used in governmental activities are not financial resources and therefore, are not reported in the funds				3,000
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.				
Bonds payable, net				(276,796,628)
				<b>\$ 6,047,823</b>

*The notes to the financial statements are an integral part of this statement*

**Lakewood Ranch Stewardship District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Governmental Funds**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
<i>For the fiscal year ended September 30, 2018</i>				
<b>Revenues</b>				
Land owner funding contributions	\$ 1,543,820	\$ 1,694,501	\$ 10,332,863	\$ 13,571,184
Assessments	2,551,151	-	-	2,551,151
Investment income	-	205,244	466,345	671,589
Allocated proceeds from Landowner lot sales	-	4,555,562	-	4,555,562
Land owner funding - debt service	-	8,812,484	-	8,812,484
<b>Total revenues</b>	<b>4,094,971</b>	<b>15,267,791</b>	<b>10,799,208</b>	<b>30,161,970</b>
<b>Expenditures</b>				
Current:				
General government	573,807	-	-	573,807
Physical environment:				
Operations	3,521,164	-	-	3,521,164
Debt service:				
Bond principal	-	24,812,000	-	24,812,000
Bond interest	-	15,275,354	-	15,275,354
Cost of issuance	-	-	138,686	138,686
Line of credit payments	-	1,615,088	-	1,615,088
Capital outlay	-	-	51,224,073	51,224,073
<b>Total expenditures</b>	<b>4,094,971</b>	<b>41,702,442</b>	<b>51,362,759</b>	<b>97,160,172</b>
<b>Other Financial Sources (Uses)</b>				
Transfers in	-	27,162,484	305,092	27,467,576
Transfers out	-	(15,386,733)	(12,080,843)	(27,467,576)
Debt and loan proceeds (net)	-	-	14,616,356	14,616,356
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>11,775,751</b>	<b>2,840,605</b>	<b>14,616,356</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(14,658,900)</b>	<b>(37,722,946)</b>	<b>(52,381,846)</b>
<b>Fund balances - beginning</b>	<b>17,707</b>	<b>39,078,206</b>	<b>89,237,590</b>	<b>128,333,503</b>
<b>Fund balances - ending</b>	<b>\$ 17,707</b>	<b>\$ 24,419,306</b>	<b>\$ 51,514,644</b>	<b>\$ 75,951,657</b>

*The notes to the financial statements are an integral part of this statement*

**Lakewood Ranch Stewardship District**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes In**  
**Fund Balances – Governmental Funds**  
**to the Statement of Activities**

*For the fiscal year ended September 30, 2018*

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

Net change in fund balances - total governmental funds	\$ (52,381,846)
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets (\$51,224,073). The total reflects depreciation expense for the current period (\$11,116,867).	40,107,206
The issuance of debt is reported as an other financing source, however, in the statement of net position these are treated as liabilities	(14,616,356)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	26,427,088
Amortization on discount of bonds	(354,102)
Change in net position of governmental activities	\$ (818,010)

*The notes to the financial statements are an integral part of this statement*

## Lakewood Ranch Stewardship District Notes to Financial Statements

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting principles and policies used in the preparation of these basic financial statements.

#### ***REPORTING ENTITY***

Lakewood Ranch Stewardship District is a local unit special purpose government created on June 17, 2005 under the "Lakewood Ranch Stewardship District Act," otherwise known as Chapter 2005-338, Florida Statutes. The District was established for the purpose 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 an 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 Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 2005-338, amended by Chapter 2009-263, Florida Statutes. The District encompasses 23,255 acres of land located in Manatee County and Sarasota County, Florida.

The Board has the final responsibility for contracting for the services of consultants; borrowing money; adopting and enforcing rules and orders pursuant to the provisions of Chapter 120; holding, controlling and acquiring by donation, purchase or condemnation or dispose of any public easements; lease as lessor or assess to or from any person, firm, corporation, association or body; borrow money and issue bonds, certificates, warrants, notes, or other evidence of indebtedness; raise, by user charges or fees authorized by resolution of the board, amounts of money necessary for the conduct of District activities; assess and impose ad valorem taxes; determine, order, levy, impose, collect, and enforce maintenance taxes.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 34, and Statement 39, an amendment of GASB Statement 34. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Government-Wide and Fund Financial Statements***

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government.

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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

#### ***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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government 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.

The government 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.

## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***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***

The Capital Projects fund is used to account for the cost of construction of the infrastructure of 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 government's policy to use restricted resources first, then unrestricted resources, as they are needed.

#### ***Restricted Assets***

These assets represent cash and cash equivalents set aside pursuant to bond covenants or other contractual restrictions.

#### ***Cash and Cash Equivalents***

All deposits are placed in a bank that qualifies as a public depository, as required by law (Florida Security for Public Deposits Act). Accordingly, all deposits are insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

#### ***Capital Assets***

Capital assets are defined by the District as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Pursuant to GASB 34, the District elected to report infrastructure prospectively. Construction in progress is not depreciated. Major outlays for capital assets and improvements are capitalized as projects are constructed. District infrastructure is being depreciated over twenty years.

#### ***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, as well as insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of premiums or discounts.

## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Long-Term Obligations (Continued)*

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

#### *Fund Balances*

Governmental funds report fund balances are classified either as nonspendable, or as spendable. Spendable fund balances are further classified based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

*Nonspendable Fund Balance* – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Amounts that are constrained for specific purposes imposed by formal action of the highest level of decision making authority.

*Assigned Fund Balance* – Includes spendable fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

*Unassigned Fund Balance* – Represents the residual fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned.

#### *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 expenses/expenditures during the reporting period. Actual results could differ from those estimates.

## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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 all governmental funds except the capital projects fund, which adopts a project-length budget.

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

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain taxpayer 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) Unused appropriations for annually budgeted funds lapse at the end of the year.

### NOTE 2: CASH AND CASH EQUIVALENTS

The District's cash balances are 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.

The District has not formally adopted a written investment policy. According to Florida Statutes 218.415(17) the District is authorized to invest in the following:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in §163.01.
- (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, as defined in §280.02.
- (d) Direct obligations of the U.S. Treasury.



## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The securities listed in (c) and (d) above must be invested such as to provide sufficient liquidity to pay obligations as they come due.

As of September 30, 2018, the District has the following balances in cash equivalents:

<u>Money market accounts</u>	<u>\$ 78,072,578</u>
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### NOTE 3: 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. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the District's insurance coverage for each of the past three fiscal years.

## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Construction in Progress				
Public Roads	\$ 14,629,465	\$ 12,483,937	\$ 26,213,827	\$ 899,575
Signals / Intersections	16,435.00	567,764	584,199.00	-
Bridges Tunnels	826,388	213,691	1,040,079	-
Lighting	1,379,392	2,078,690	3,004,190	453,892
Drainage	5,256,292	7,816,211	11,388,563	1,683,940
Irrigation	274,808	3,046,191	2,457,785	863,214
Other Utilities	2,221,176	1,191,041	2,656,868	755,349
Landscaping	2,307,349	1,907,429	3,831,262	383,516
Hardscape	202,253	149,777	337,683	14,347
Sanitary Sewer	451,294	4,937,033	4,602,158	786,169
Potable Water	2,327,465	3,843,853	5,356,788	814,530
Earthwork, Clearing & Fill	7,503,562	5,854,443	11,914,323	1,443,682
Engineering & Surveying	9,299,086	5,100,667	8,423,573	5,976,180
Mitigation/Littoral Plantings	33,458	42,655	20,946	55,167
Permit Fees & Bonding	261,376	459,959	526,448	194,887
Lake Dredging	1,328,460	-	1,328,460	-
Other Infrastructure	4,392,370	1,530,732	3,829,244	2,093,858
<b>Total District Infrastructure - CIP</b>	<b>52,710,629</b>	<b>51,224,073</b>	<b>87,516,396</b>	<b>16,418,307</b>
Capital Assets, being depreciated:				
District infrastructure	165,396,121	87,516,396	-	252,912,517
<b>Total depreciable assets</b>	<b>165,396,121</b>	<b>87,516,396</b>	<b>-</b>	<b>252,912,517</b>
Less accumulated depreciation for:				
District infrastructure	51,324,163	11,116,867	-	62,441,030
<b>Total Capital Assets, being depreciated net</b>	<b>114,071,958</b>	<b>76,399,529</b>	<b>-</b>	<b>190,471,487</b>
<b>Total Capital Assets, net</b>	<b>\$ 166,782,587</b>	<b>\$ 163,915,925</b>	<b>\$ -</b>	<b>\$ 206,889,794</b>

Depreciation expense was \$11,116,867 for the fiscal year ended September 30, 2018, reported under the Physical environment function in the statement of activities.

### NOTE 5: LINE OF CREDIT

On September 8, 2017, the District entered into a Non-Bank Qualified Tax Exempt Revolving Line of Credit not to exceed \$45,000,000, with an interest rate of 4.0%. The line of credit was entered to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Northeast Sector, as well the set-up of a debt service reserve fund and to pay cost of issuance. On August 30, 2018, the line was amended to a maximum \$33,000,000 credit available and an interest rate of 4.25%. As of September 30, 2018, the balance on the line was \$0.

## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 6: LONG TERM DEBT

Unamortized discounts on governmental activities revenue bonds amounted to \$5,109,372 and \$5,154,830 as of September 30, 2018 and 2017, respectively.

	10/1/17	Additions	Decreases	9/30/18	Due within 1 year
2005 Lake Club Series B Bonds	\$ 285,000	\$ -	\$ 285,000	\$ -	\$ -
2006 Lake Club Series A Bonds	15,165,000	-	15,165,000	-	-
2006 Country Club East Bonds	21,200,000	-	625,000	20,575,000	635,000
2006 Lake Club Series B Bonds	850,000	-	850,000	-	-
2010 Central Park Series A Bonds	2,935,000	-	60,000	2,875,000	45,000
2011 Lakewood Ctr NW Sector Bonds	33,090,000	-	665,000	32,425,000	585,000
2011 Belle Isle Series A Bonds	1,615,000	-	35,000	1,580,000	30,000
2013 Country Club East Series A Bonds	8,100,000	-	230,000	7,870,000	125,000
2013 Central Park Series A Bonds	6,850,000	-	145,000	6,705,000	120,000
2014 Country Club East Series A Bonds	11,620,000	-	230,000	11,390,000	205,000
2015 Lakewood Ctr North Bonds	35,905,000	-	1,315,000	34,590,000	660,000
2016 The Villages of LWR South Bonds	75,345,000	-	3,065,000	72,280,000	1,235,000
2017 Del Webb Bonds	14,805,000	-	300,000	14,505,000	245,000
2017 Lakewood National & Polo Run Bonds	49,480,000	-	755,000	48,725,000	785,000
2017 Lake Club Bonds	14,548,000	-	1,087,000	13,461,000	512,000
2018 Northeast Sector Bonds	-	14,925,000	-	14,925,000	-
Bonds payable	\$ 291,793,000	\$ 14,925,000	\$ 24,812,000	\$ 281,906,000	\$ 5,182,000
Less unamortized discounts	(5,154,830)	308,644	(354,102)	(5,109,372)	-
Bonds payable, less unamortized discounts	\$ 286,638,170	\$ 14,616,356	\$ 24,457,898	\$ 276,796,628	\$ 5,182,000

On September 30, 2005, the District issued \$5,535,000 of Special Assessment Revenue Bonds, Series 2006, originally due on August 1, 2010, and extended to August 1, 2017, with a fixed interest rate of 4.875%. The Bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lake Club Project, as well as set up a debt service reserve fund and to pay costs of issuance. On June 1, 2012, \$3,655,000 was extended to a due date of November 1, 2020, at an interest rate of 7.21%.

On February 13, 2006, the District issued \$19,320,000 of Special Assessment Revenue Bonds, Series 2006 (Lake Club Project), due on November 1, 2036, with a fixed interest rate of 5.50%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lake Club Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On June 5, 2006, the District issued \$30,145,000 of Bond Anticipation Notes, Series 2006, due on June 1, 2007, with a fixed interest rate of 6.0%. This note was renewed on June 1, 2007 for a period of 2 years at 6.5% interest. This note was again renewed on January 7, 2009, with a maturity date of June 1, 2011, at an interest rate of 7.5%. The bonds were re-financed by the District on May 1, 2011 for \$36,255,000, with \$14,495,000 having a final maturity date of May 1, 2030, at an interest rate of 7.40%, and \$21,760,000 having a final maturity date of May 1, 2040, at an interest rate of 8.00%. The original bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lakewood Centre and NW Sector Projects.

## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 6: LONG TERM DEBT (Continued)

On June 19, 2006, the District issued \$27,215,000 of Special Assessment Revenue Bonds, Series 2006, due on November 1, 2037, with a fixed interest rate of 5.40%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Country Club East Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On October 1, 2006, the District issued \$14,435,000 of Special Assessment Revenue Bonds, Series 2006B, due on May 1, 2013, with a fixed interest rate of 5.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lake Club Project, as well as set up a debt service reserve fund and to pay costs of issuance. On June 1, 2012, \$11,375,000 was extended to a due date of November 1, 2020, at an interest rate of 6.77%.

On July 1, 2010, the District issued \$5,720,000 of Special Assessment Revenue Bonds, Series 2010A, due on May 1, 2040, with a fixed interest rate of 7.40%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Central Park Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On May 1, 2011, the District issued \$1,765,000 of Special Assessment Revenue Bonds, Series 2011, due on May 1, 2040, with a fixed interest rate of 8.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Belle Isle Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On August 5, 2013, the District issued \$8,500,000 of Special Assessment Revenue Bonds, Series 2013, due on May 1, 2043, with two fixed interest rates of 6.7% and 7%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Country Club East Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On August 5, 2013, the District issued \$7,535,000 of Special Assessment Revenue Bonds, Series 2013, due on May 1, 2043, with a fixed interest rate of 6.4%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Central Park Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On October 14, 2014, the District issued \$12,145,000 of Special Assessment Revenue Bonds, Series 2014, due of May 1, 2044, with a fixed interest rate of 5.52%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Country Club East Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 6: LONG TERM DEBT (Continued)

On February 9, 2015, the District issued \$37,360,000 of Special Assessment Revenue Bonds, Series 2015, due of May 1, 2045, with interest rates ranging from 4.25% to 4.875%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Lakewood Centre North Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On February 8, 2016, the District issued \$79,505,000 of Special Assessment Revenue Bonds, Series 2016, due of May 1, 2046, with interest rates ranging from 4.00% to 5.125%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Villages of Lakewood Ranch South Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On February 21, 2017, the District issued \$49,480,000 of Special Assessment Revenue Bonds, Series 2017, due of May 1, 2047, with interest rates ranging from 4.00% to 5.375%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Lakewood National and Polo Run Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On May 8, 2017, the District issued \$14,805,000 of Special Assessment Revenue Bonds, Series 2017, due as of May 1, 2047, with interest rates ranging from 3.65% to 5.125%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Del Webb Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On September 29, 2017, the District issued \$14,548,000 of Special Assessment Revenue Refunding Bonds, Series 2017, due as of May 1, 2036 with a fixed interest rate of 4.0%. The bonds were issued to refund and redeem all of the outstanding principal amount of the District's Special Assessment Revenue Bonds, 2006 Series A (Lake Club Project), pay certain costs associated with the issuance of the 2017 Bond, make a deposit into the 2017 Reserve Account, and pay interest first coming due on the 2017 Bond.

On August 30, 2018, the District issued \$14,925,000 of Special Assessment Revenue Bonds, Series 2018, due as of May 1, 2048 with interest rates ranging from 3.90% to 5.1%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the NE Sector Project Phase 1A, as well as set-up of a debt service reserve fund and to pay cost of issuance.

## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 6: LONG TERM DEBT (Continued)

Principal	2011 Lakewood Ctr and NW Sector				2016 The Villages of LWR South				2017 Del Webb & Polo Run Bonds				2017 Lake Club Bonds		2018 Northeast Sector Bonds		Total
	2006 Country Club East Bonds	2010 Central Park Series A Bonds	Bonds	2011 Belle Isle Series A Bonds	2013 Country Club East Series A Bonds	2013 Central Park Series A Bonds	2014 Country Club East Series A Bonds	2015 Lakewood Ctr North Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	
2019	\$ 635,000	\$ 45,000	\$ 585,000	\$ 30,000	\$ 125,000	\$ 120,000	\$ 205,000	\$ 660,000	\$ 1,235,000	\$ 245,000	\$ 785,000	\$ 512,000	\$ -	\$ 5,182,000			
2020	670,000	50,000	635,000	30,000	135,000	125,000	220,000	680,000	1,295,000	255,000	815,000	535,000	250,000	5,695,000			
2021	710,000	55,000	685,000	35,000	145,000	130,000	230,000	710,000	1,345,000	265,000	850,000	558,000	260,000	5,978,000			
2022	750,000	60,000	740,000	35,000	155,000	140,000	240,000	740,000	1,485,000	270,000	885,000	582,000	270,000	6,352,000			
2023	790,000	60,000	795,000	40,000	165,000	150,000	255,000	775,000	1,500,000	285,000	920,000	607,000	280,000	6,622,000			
2024-2028	4,670,000	420,000	5,020,000	245,000	990,000	885,000	1,505,000	4,450,000	8,555,000	1,625,000	5,310,000	3,439,000	1,605,000	38,719,000			
2029-2033	6,130,000	660,000	7,300,000	360,000	1,390,000	1,195,000	1,960,000	5,675,000	10,995,000	2,075,000	6,840,000	4,233,000	2,025,000	50,838,000			
2034-2038	6,220,000	1,000,000	10,900,000	525,000	1,970,000	1,675,000	2,575,000	7,270,000	14,140,000	2,635,000	8,895,000	2,995,000	2,595,000	63,395,000			
2039-2043	-	525,000	5,765,000	280,000	2,795,000	2,285,000	3,400,000	9,240,000	18,190,000	3,415,000	11,615,000	-	3,335,000	60,845,000			
2044-2048	-	-	-	-	-	-	800,000	4,390,000	13,540,000	3,435,000	11,810,000	-	4,305,000	38,280,000			
<b>Total</b>	<b>\$ 20,575,000</b>	<b>\$ 2,875,000</b>	<b>\$ 32,425,000</b>	<b>\$ 1,580,000</b>	<b>\$ 7,870,000</b>	<b>\$ 6,705,000</b>	<b>\$ 11,390,000</b>	<b>\$ 34,590,000</b>	<b>\$ 72,280,000</b>	<b>\$ 14,505,000</b>	<b>\$ 48,725,000</b>	<b>\$ 13,461,000</b>	<b>\$ 14,925,000</b>	<b>\$ 281,906,000</b>			

Interest	2011 Lakewood Ctr and NW Sector				2016 The Villages of LWR South				2017 Del Webb & Polo Run Bonds				2017 Lake Club Bonds		2018 Northeast Sector Bonds		Total
	2006 Country Club East Bonds	2010 Central Park Series A Bonds	Bonds	2011 Belle Isle Series A Bonds	2013 Country Club East Series A Bonds	2013 Central Park Series A Bonds	2014 Country Club East Series A Bonds	2015 Lakewood Ctr North Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	
2019	\$ 1,111,050	\$ 212,750	\$ 2,527,670	\$ 126,400	\$ 541,585	\$ 420,885	\$ 625,165	\$ 1,653,638	\$ 3,563,188	\$ 709,686	\$ 2,516,463	\$ 538,440	\$ 488,823	\$ 15,035,743			
2020	1,076,760	209,420	2,484,380	124,000	533,210	413,565	614,198	1,625,588	3,513,788	700,747	2,485,063	517,960	730,193	15,028,872			
2021	1,040,580	205,720	2,437,390	121,600	524,165	405,940	602,428	1,596,688	3,461,988	691,436	2,452,463	496,560	720,443	14,757,401			
2022	1,002,240	201,650	2,386,700	118,800	514,450	398,010	590,123	1,566,513	3,408,188	681,764	2,418,463	474,240	710,303	14,471,444			
2023	961,740	197,210	2,331,940	116,000	504,065	389,470	577,283	1,535,063	3,345,075	671,909	2,383,063	450,960	699,773	14,163,551			
2024-2028	4,118,850	907,240	10,678,090	528,000	2,340,765	1,800,645	2,665,725	7,133,563	15,697,838	3,164,324	11,234,513	1,869,640	3,313,788	65,452,981			
2029-2033	2,708,640	719,280	8,483,160	412,800	1,960,205	1,493,205	2,216,058	5,951,888	13,410,938	2,738,969	9,757,294	1,120,960	2,910,700	53,884,097			
2034-2038	862,650	427,350	5,064,000	244,400	1,411,200	1,067,200	1,624,263	4,418,944	10,348,756	2,167,719	7,757,831	242,920	2,350,200	37,987,433			
2039-2043	-	59,200	701,200	34,000	613,900	456,320	815,360	2,466,506	6,368,069	1,422,956	5,114,044	-	1,625,115	19,676,670			
2044-2048	-	-	-	-	-	-	44,800	323,700	1,412,963	451,256	1,629,163	-	681,105	4,542,987			
<b>Total</b>	<b>\$ 12,882,510</b>	<b>\$ 3,139,820</b>	<b>\$ 37,094,530</b>	<b>\$ 1,826,000</b>	<b>\$ 8,943,545</b>	<b>\$ 6,845,240</b>	<b>\$ 10,375,403</b>	<b>\$ 28,272,091</b>	<b>\$ 64,530,791</b>	<b>\$ 13,400,766</b>	<b>\$ 47,748,360</b>	<b>\$ 5,711,680</b>	<b>\$ 14,230,443</b>	<b>\$ 255,001,179</b>			

Total	2011 Lakewood Ctr and NW Sector				2016 The Villages of LWR South				2017 Del Webb & Polo Run Bonds				2017 Lake Club Bonds		2018 Northeast Sector Bonds		Total
	2006 Country Club East Bonds	2010 Central Park Series A Bonds	Bonds	2011 Belle Isle Series A Bonds	2013 Country Club East Series A Bonds	2013 Central Park Series A Bonds	2014 Country Club East Series A Bonds	2015 Lakewood Ctr North Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	
2019	\$ 1,746,050	\$ 257,750	\$ 3,112,670	\$ 156,400	\$ 666,585	\$ 540,885	\$ 830,165	\$ 2,313,638	\$ 4,798,188	\$ 954,686	\$ 3,301,463	\$ 1,050,440	\$ 488,823	\$ 20,217,743			
2020	1,746,760	259,420	3,119,380	154,000	668,210	538,565	834,198	2,305,588	4,808,788	955,747	3,300,063	1,052,960	980,193	20,723,872			
2021	1,750,580	260,720	3,122,390	156,600	669,165	535,940	832,428	2,306,688	4,806,988	956,436	3,302,463	1,054,560	980,443	20,735,401			
2022	1,752,240	261,650	3,126,700	153,800	669,450	538,010	830,123	2,306,513	4,893,188	951,764	3,303,463	1,056,240	980,303	20,823,444			
2023	1,751,740	257,210	3,126,940	156,000	669,065	539,470	832,283	2,310,063	4,845,075	956,909	3,303,063	1,057,960	979,773	20,785,551			
2024-2028	8,788,850	1,327,240	15,698,090	773,000	3,330,765	2,685,645	4,170,725	11,583,563	24,252,838	4,789,324	16,544,513	5,308,640	4,918,788	104,171,981			
2029-2033	8,838,640	1,379,280	15,783,160	772,800	3,350,205	2,688,205	4,176,058	11,626,888	24,405,938	4,813,969	16,597,294	5,353,960	4,935,700	104,722,097			
2034-2038	7,082,650	1,427,350	15,964,000	769,400	3,381,200	2,742,200	4,199,263	11,688,944	24,488,756	4,802,719	16,652,831	3,237,920	4,945,200	101,382,433			
2039-2043	-	584,200	6,466,200	314,000	3,408,900	2,741,320	4,215,360	11,706,506	24,558,069	4,837,956	16,729,044	-	4,960,115	80,521,670			
2044-2048	-	-	-	-	-	-	844,800	4,713,700	14,952,963	3,886,256	13,439,163	-	4,986,105	42,822,987			
<b>Total</b>	<b>\$ 33,457,510</b>	<b>\$ 6,014,820</b>	<b>\$ 69,519,530</b>	<b>\$ 3,406,000</b>	<b>\$ 16,813,545</b>	<b>\$ 13,550,240</b>	<b>\$ 21,765,403</b>	<b>\$ 62,862,091</b>	<b>\$ 136,810,791</b>	<b>\$ 27,905,766</b>	<b>\$ 96,473,360</b>	<b>\$ 19,172,680</b>	<b>\$ 29,155,443</b>	<b>\$ 536,907,179</b>			

### NOTE 7:-- SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 14, 2019, which is the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

## Lakewood Ranch Stewardship District Budgetary Comparison Schedule – General Fund

<i>For the year ended September 30, 2018</i>	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Landowner funding	\$ 1,462,887	\$ 1,543,820	\$ 80,933
Assessments	2,352,254	2,551,151	198,897
Total revenues	3,815,141	4,094,971	279,830
<b>Expenditures</b>			
Current:			
General government	604,000	573,807	30,193
Physical environment:			
Operations	3,211,141	3,521,164	(310,023)
Total expenditures	3,815,141	4,094,971	(279,830)
 NET CHANGE IN FUND BALANCES	 -	 -	 -
 FUND BALANCES - BEGINNING OF YEAR	 17,707	 17,707	 -
FUND BALANCES - END OF YEAR	\$ 17,707	\$ 17,707	\$ -



## **OTHER NON-FINANCIAL INFORMATION**

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

Board of Supervisors  
Lakewood Ranch Stewardship District

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 the Lakewood Ranch Stewardship District, ("the District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 14, 2019.

**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 auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

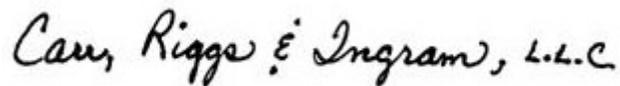
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

This 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive style.

Carr, Riggs, & Ingram, LLC

Bradenton, Florida  
June 14, 2019

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH FLORIDA  
STATUTES 218.415 – INVESTMENT OF PUBLIC FUNDS**

Board of Supervisors  
Lakewood Ranch Stewardship District

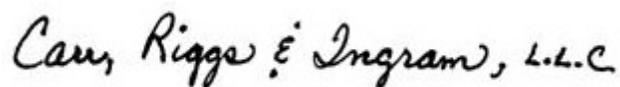
We have examined the Lakewood Ranch Stewardship District (“District”) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2018. Management is responsible for the District’s compliance with those requirements. Our responsibility is to express an opinion on the District’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018.

This report is intended solely for the information and use of Lakewood Ranch Stewardship District and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



Carr, Riggs, & Ingram, LLC

Bradenton, Florida  
June 14, 2019



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CRLcpa.com

## **MANAGEMENT LETTER**

Board of Supervisors  
Lakewood Ranch Stewardship District

### **Report on the Financial Statements**

We have audited the financial statements of Lakewood Ranch Stewardship District ("District"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 14, 2019.

### **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 Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 14, 2019 should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

## **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

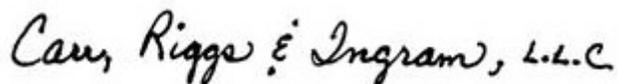
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, require that we address 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. In connection with our audit, we did not have any such findings.

## **Purpose of this Letter**

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, the Board of Supervisors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Carr, Riggs, & Ingram, LLC

Bradenton, Florida  
June 14, 2019