

**Blackburn Creek Community
Development District**

FINANCIAL STATEMENTS

September 30, 2018



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Blackburn Creek Community Development District
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September 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Blackburn Creek Community Development District
Sarasota County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Blackburn Creek Community Development District (hereinafter referred to as "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 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 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.

Correction of an Error

As discussed in Note 11 to the financial statements, during the current year management determined that certain prior year retainage payable amounts were incorrectly recorded in the Capital Projects Fund. Our opinion is not modified with respect to this matter.

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, as listed in the table of contents, 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 August 1, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
August 1, 2019



Management's Discussion And Analysis

Blackburn Creek Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Blackburn Creek Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2018, the assets of the District exceed its liabilities and deferred inflows of resources by approximately \$4.9 million.
- During the fiscal year ended September 30, 2018, the District issued Series 2018A-1 and 2018A-2 Bonds totaling \$9,715,000 and \$2,880,000, respectively. These funds will be used to acquire and construct all or a portion of the 2018 project. The District incurred \$398,473 of bond issue costs related to the Series 2018A-1 and 2018A-2 issue.
- During the fiscal year ended September 30, 2018, the District incurred additional capital outlay expenditures of approximately \$7.2 million, incurred approximately \$814,000 of interest expenditures and repaid approximately \$2 million of outstanding long-term bond principal.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

Blackburn Creek Community Development District Management's Discussion and Analysis

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation with the fund financial statements.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	2018	2017	Change
Assets			
Current and other assets	\$ 7,937,252	\$ 2,917,480	\$ 5,019,772
Capital assets, net	22,096,177	15,625,860	6,470,317
Total assets	\$ 30,033,429	\$ 18,543,340	\$ 11,490,089
Liabilities			
Current liabilities	\$ 1,316,294	\$ 1,236,687	\$ 79,607
Other liabilities	23,777,510	13,231,915	10,545,595
Total liabilities	25,093,804	14,468,602	10,625,202
Deferred inflows of resources			
Deferred revenue	13,827	13,827	-
Total deferred inflows of resources	13,827	13,827	-
Net position			
Net investment in capital assets	7,931,862	6,567,522	1,364,340
Restricted for:			
Debt service	1,204,575	1,073,118	131,457
Capital projects	567,618	623,885	(56,267)
Unrestricted	(4,778,257)	(4,203,614)	(574,643)
Total net position	4,925,798	4,060,911	864,887
Total liabilities, deferred inflows of resources and net position	\$ 30,033,429	\$ 18,543,340	\$ 11,490,089

Blackburn Creek Community Development District Management's Discussion and Analysis

For more detailed information, see the accompanying Statement of Net Position.

During the fiscal year ended September 30, 2018, total assets and liabilities increased from the prior year by approximately \$11.5 million and \$10.6 million, respectively, while deferred inflows of resources did not change from the prior year. The increase in both is largely the result of the issuance of the Series 2018A-1 and 2018A-2 bonds in the current year to fund the construction and acquisition of the 2018 project.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	2018	2017	Change
Revenues:			
Program revenues:			
Charges for services	\$ 2,434,235	\$ 3,317,706	\$ (883,471)
Capital grants and contributions	733,378	5,005	728,373
General revenues:			
Interest and other revenues	22,411	4,893	17,518
Total revenues	3,190,024	3,327,604	(137,580)
Expenses:			
General government	136,159	66,380	69,779
Maintenance and infrastructure	198,172	110,088	88,084
Interest	1,065,824	768,766	297,058
Bond issuance costs	398,473	-	398,473
Total expenses	2,325,137	945,234	1,379,903
Change in net position	864,887	2,382,370	(1,517,483)
Net position, beginning of year, as restated	4,060,911	1,678,541	2,382,370
Net position, end of year	\$ 4,925,798	\$ 4,060,911	\$ 864,887

For more detailed information, see the accompanying Statement of Activities.

Revenues decreased, while expenses increased from the prior year by approximately \$138,000 and \$1.4 million, respectively. Revenues decreased due to fewer lot closings occurring in the current year. Expenses increased due to the issuance of Series 2018A-1 and Series 2018A-2 bonds in the current year. The overall result was an \$864,887 increase in net position for the fiscal year 2018.

Blackburn Creek Community Development District Management's Discussion and Analysis

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of approximately \$7.4 million, which is an increase from prior year's restated balance that totaled approximately \$2.1 million. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2018, the District issued Series 2018A-1 and 2018A-2 Bonds totaling \$9,715,000 and \$2,880,000, respectively. These funds will be used to acquire and construct all or a portion of the 2018 project. The District incurred \$398,473 of bond issue costs related to the Series 2018A-1 and 2018A-2 issue.
- During the fiscal year ended September 30, 2018, the District incurred additional capital outlay expenditures of approximately \$7.2 million, incurred approximately \$814,000 of interest expenditures and repaid approximately \$2 million of outstanding long-term bond principal.

The overall increase in fund balance for the year ended September 30, 2018 totaled approximately \$5.3 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2018, the District had approximately \$22.1 million invested in capital assets (net of accumulated depreciation). This amount represents a net increase of approximately \$6.5 million from the fiscal year 2017 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	2018	2017	Change
Capital assets not being depreciated	\$ 18,771,349	\$ 12,102,860	\$ 6,668,489
Capital assets being depreciated	3,853,264	3,853,264	-
Total, prior to depreciation	22,624,613	15,956,124	6,668,489
Accumulated depreciation	528,436	330,264	198,172
Net capital assets	\$ 22,096,177	\$ 15,625,860	\$ 6,470,317

More information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At September 30, 2018, the District had approximately \$24 million of long-term debt outstanding. This amount represents a net increase of approximately \$10.7 million from the fiscal year 2017 total.

Blackburn Creek Community Development District Management's Discussion and Analysis

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	2018	2017	Change
Series 2013A	\$ 4,570,000	\$ 4,725,000	\$ (155,000)
Series 2015A-1	3,155,000	3,335,000	(180,000)
Series 2015A-2	1,865,000	3,455,000	(1,590,000)
Series 2018A-1	9,715,000	-	9,715,000
Series 2018A-2	2,838,000	-	2,838,000
Due to Developer	1,899,510	1,851,915	47,595
	\$ 24,042,510	\$ 13,366,915	\$ 10,675,595

More information about the District's long-term debt is presented in Note 5 to the financial statements.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 25.

The District experienced an unfavorable variance expenditures as compared to the budget in the amount of \$36,559, while revenues materially agreed to budget. The variance in expenditures occurred primarily due to unanticipated engineering and legal expenditures that were incurred during the year.

FUTURE FINANCIAL FACTORS

Blackburn Creek Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2019 were established to provide for the operations of the District as well as the necessary debt service requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Blackburn Creek Community Development District's management company at 12051 Corporate Blvd., Orlando, Florida 32817.



Basic Financial Statements

**Blackburn Creek Community Development District
Statement of Net Position**

<i>September 30,</i>	2018
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 7,143,442
Investments	577,462
Accounts receivable	211,894
Interest receivable	2,521
Prepaid expenses	1,933
Capital Assets:	
Not being depreciated	18,771,349
Depreciable, net	3,324,828
Total assets	30,033,429
Liabilities	
Accounts payable	372,998
Accrued interest payable	551,033
Retainage payable	127,263
Non-current liabilities:	
Due within one year	265,000
Due in more than one year	23,777,510
Total liabilities	25,093,804
Deferred inflows of resources	
Deferred revenue	13,827
Total deferred inflows of resources	13,827
Net position	
Net investment in capital assets	7,931,862
Restricted for:	
Debt service	1,204,575
Capital projects	567,618
Unrestricted	(4,778,257)
Total net position	\$ 4,925,798

The accompanying notes are an integral part of these financial statements.

Blackburn Creek Community Development District Statement of Activities

Year ended September 30,

2018

Functions/Programs	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position
Primary government:					
Governmental activities:					
General government	\$ (136,159)	\$ 95,634	\$ -	\$ (40,525)	
Unallocated depreciation	(198,172)	-	733,378	535,206	
Interest	(1,065,824)	2,338,601	-	1,272,777	
Bond issuance costs	(398,473)	-	-	(398,473)	
Asset conveyance	(526,509)	-	-	(526,509)	
Total governmental activities	\$ (2,325,137)	\$ 2,434,235	\$ 733,378	842,476	

General revenues

Interest and other revenues	22,411
<hr/>	
Change in net position	864,887
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Net position - beginning of year, as restated	4,060,911
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Net position - end of year	\$ 4,925,798
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The accompanying notes are an integral part of these financial statements.

**Blackburn Creek Community Development District
Balance Sheet – Governmental Funds**

September 30,

2018

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 132,009	\$ 1,829,712	\$ 5,181,721	\$ 7,143,442
Investments	-	560,612	16,850	577,462
Accounts receivable	-	211,894	-	211,894
Interest receivable	-	1,157	1,364	2,521
Prepaid expenditures	1,933	-	-	1,933
Due from other funds	-	20,609	-	20,609
Total assets	\$ 133,942	\$ 2,623,984	\$ 5,199,935	\$ 7,957,861
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 30,304	\$ -	\$ 342,694	\$ 372,998
Retainage payable	-	-	127,263	127,263
Due to other funds	20,609	-	-	20,609
Total liabilities	50,913	-	469,957	520,870
Deferred inflows of resources				
Deferred revenue	-	-	13,827	13,827
Total deferred inflows of resources	-	-	13,827	13,827
Fund balances				
Nonspendable	1,933	-	-	1,933
Restricted for debt service	-	2,623,984	-	2,623,984
Restricted for capital projects	-	-	4,716,151	4,716,151
Unassigned	81,096	-	-	81,096
Total fund balances	83,029	2,623,984	4,716,151	7,423,164
Total liabilities, deferred inflows of resources and fund balances	\$ 133,942	\$ 2,623,984	\$ 5,199,935	\$ 7,957,861

The accompanying notes are an integral part of these financial statements.

**Blackburn Creek Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position**

<u>September 30,</u>	<u>2018</u>
Total fund balances, governmental funds	\$ 7,423,164
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	22,096,177
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(24,593,543)
<u>Total net position - governmental activities</u>	<u>\$ 4,925,798</u>

The accompanying notes are an integral part of these financial statements.

**Blackburn Creek Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds**

Year ended September 30,

2018

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Assessment revenue	\$ 95,634	\$ 539,205	\$ -	\$ 634,839
Prepayment revenue	-	1,799,396	-	1,799,396
Developer contributions	-	-	733,378	733,378
Interest and other revenues	17	10,941	11,453	22,411
Total revenues	95,651	2,349,542	744,831	3,190,024
Expenditures				
Current:				
General government	136,159	-	-	136,159
Debt service:				
Principal	-	1,967,000	-	1,967,000
Interest	-	814,234	-	814,234
Bond issue costs	-	-	398,473	398,473
Capital outlay	-	-	7,194,998	7,194,998
Total expenditures	136,159	2,781,234	7,593,471	10,510,864
Excess (deficit) of revenues over expenditures	(40,508)	(431,692)	(6,848,640)	(7,320,840)
Other financing sources (uses)				
Transfers in	-	907,071	1,924	908,995
Transfers out	(1,924)	-	(907,071)	(908,995)
Bond proceeds	-	-	12,595,000	12,595,000
Developer advance	-	-	47,595	47,595
Total other financing sources (uses)	(1,924)	907,071	11,737,448	12,642,595
Net change in fund balances	(42,432)	475,379	4,888,808	5,321,755
Fund balances (deficit), beginning of year, as restated	125,461	2,148,605	(172,657)	2,101,409
Fund balances, end of year	\$ 83,029	\$ 2,623,984	\$ 4,716,151	\$ 7,423,164

The accompanying notes are an integral part of these financial statements.

Blackburn Creek Community Development District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities

<i>Year ended September 30,</i>	2018
Net change in fund balances - governmental funds	\$ 5,321,755
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Position, whereas the conveyance of fixed assets is recorded as an expense on the Statement of Activities, but not in the fund financial statements.	7,194,998
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities.	(198,172)
Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the Statement of Net Position and are eliminated in the Statement of Activities.	1,967,000
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund level statements.	(251,590)
Activity with developer advances is reported as other financing sources and expenditures in the governmental funds, but impact liability balances in the Statement of Net Position.	(47,595)
Bond proceeds which are reported as other financing sources in the governmental funds are recognized as long-term liabilities in the Statement of Net Assets.	(12,595,000)
The conveyance of capital assets has no impact on the fund level financial statements but is treated as an expense in the government-wide Statement of Activities.	(526,509)
Change in net position of governmental activities	\$ 864,887

The accompanying notes are an integral part of these financial statements.

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

The Blackburn Creek Community Development District (the “District”) was established on November 9, 2010 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Sarasota County Ordinance 2010-070. 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 expanded by approximately 190 acres in December 2014 by Ordinance No. 2014-094, and by approximately 119 acres in March 2018 by Ordinance No. 2018-004.

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 a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2018 certain Board members were affiliated with Resource Conservation of Sarasota, LLC (“the Developer”).

The Board has the final responsibility for:

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

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

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

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2018, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of 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 the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

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 debt.

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

For the year ended September 30, 2018, the District does not report any proprietary funds.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3)*.

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others direct obligations of the United States Treasury; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Capital Assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows: Infrastructure: 25 years.

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

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

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item at September 30, 2018.

In addition to liabilities, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District recorded \$13,827 of prepayment revenues received in advance for specific lot closings at September 30, 2018.

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures on the Statement of Net Position. These items will be expensed over the applicable usage period.

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts. For the year ended September 30, 2018, actual expenditures exceeded budget appropriations due to unanticipated engineering and legal expenditures.

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

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. All budget changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3: INVESTMENTS

The District's investments consist of money market funds and similar instruments in which shares are owned in the fund rather than the underlying investments. In accordance with GASB 72, *Fair Value Measurement and Application*, these amounts are reported at amortized cost.

The following is a summary of the District's investments:

<i>September 30,</i>	2018	Credit Risk	Maturities
First American Government Obligations	\$ 577,462	S&P AAAM	24 days
	<u>\$ 577,462</u>		

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 3: INVESTMENTS (Continued)

Custodial credit risk – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2018, the money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration risk – The District’s investment policy requires diversification, but does not specify limits on types of investments.

Interest rate risk – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2018:

	Beginning Balance	Additions	Conveyances/ Transfers	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated</i>				
Infrastructure under construction	\$ 12,102,860	\$ 7,194,998	\$ (526,509)	\$ 18,771,349
Total capital assets, not being depreciated	12,102,860	7,194,998	(526,509)	18,771,349
<i>Capital assets being depreciated</i>				
Infrastructure	3,853,264	-	-	3,853,264
Total capital assets, being depreciated	3,853,264	-	-	3,853,264
<i>Less accumulated depreciation</i>				
Infrastructure	330,264	198,172	-	528,436
Total accumulated depreciation	330,264	198,172	-	528,436
Total capital assets, being depreciated, net	3,523,000	(198,172)	-	3,324,828
Governmental activities capital assets, net	\$ 15,625,860	\$ 6,996,826	\$ (526,509)	\$ 22,096,177

Depreciation expense of \$198,172 was recorded as unallocated depreciation on the accompanying Statement of Activities.

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 4: CAPITAL ASSETS (Continued)

The total projected cost of the infrastructure has been estimated at approximately \$33 million, of which approximately \$13.5 million is expected to be financed with the proceeds from the issuance of Bonds with the remainder to be funded by additional bond issuances or the Developer. The infrastructure will include potable water and wastewater systems, storm water drainage system improvements, offsite road improvements and utility extensions. Upon completion certain assets will be conveyed to other entities for ownership and/or maintenance. During the year ended September 30, 2018, the District conveyed completed infrastructure totaling approximately \$526,500.

NOTE 5: LONG-TERM LIABILITIES

On March 28, 2013 the District issued \$5,455,000 of Special Assessment Bonds, Series 2013A due on May 1, 2043 with a fixed interest rate of 6.00%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2014 through May 1, 2043.

On October 14, 2015, the District issued \$8,765,000 of Special Assessment Bonds, Series 2015 consisting of \$1,575,000 Series 2015A-1 Term Bonds, \$1,945,000 Series 2015A-1 Term Bonds and \$5,245,000 of Series 2015A-2 with interest rates of 6.25%, 6.50% and 6.25%, respectively. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the \$1,575,000 Term Bonds is to be paid serially commencing May 1, 2016 through May 1, 2035. Principal on the \$1,945,000 Term Bonds is to be paid serially commencing May 1, 2016 through May 1, 2045. Principal on the \$5,245,000 Term Bonds is to be paid serially commencing May 1, 2016 through May 1, 2045.

On February 22, 2018, the District issued \$12,595,000 of Capital Improvement Revenue Bonds, Series 2018 consisting of \$1,660,000 Series 2018A-1 Term Bonds, \$2,890,000 Series 2018A-1 Term Bonds, \$5,165,000 Series 2018A-1 Term Bonds and \$2,880,000 of Series 2018A-2 with interest rates of 5.25%, 5.75%, 5.90% and 5.90%, respectively. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the \$1,660,000 Term Bonds is to be paid serially commencing May 1, 2019 through May 1, 2028. Principal on the \$2,890,000 Term Bonds is to be paid serially commencing May 1, 2029 through May 1, 2038. Principal on the \$5,165,000 Term Bonds is to be paid serially commencing May 1, 2021 through May 1, 2048. Principal on the \$2,880,000 Term Bonds is to be paid serially commencing May 1, 2021 through May 1, 2048.

The Bond Indenture requires that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirements as defined in the Indenture. The requirements have been met for the fiscal year ended September 30, 2018.

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 5: LONG-TERM LIABILITIES (Continued)

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedure to be followed by the District on assessments to property owners. The District agreed 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.

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2013A	\$ 4,725,000	\$ -	\$ (155,000)	\$ 4,570,000	\$ 80,000
Series 2015A-1	3,335,000	-	(180,000)	3,155,000	45,000
Series 2015A-2	3,455,000	-	(1,590,000)	1,865,000	-
Series 2018A-1	-	9,715,000	-	9,715,000	130,000
Series 2018A-2	-	2,880,000	(42,000)	2,838,000	-
Due to Developer	1,851,915	47,595	-	1,899,510	-
	<u>\$ 13,366,915</u>	<u>\$ 12,642,595</u>	<u>\$ (1,967,000)</u>	<u>\$ 24,042,510</u>	<u>\$ 255,000</u>

At September 30, 2018, the scheduled debt service requirements on bonds payable were as follows:

<i>Year Ending September 30,</i>	Principal	Interest	Total Debt Service
2019	\$ 255,000	\$ 1,318,071	\$ 1,573,071
2020	270,000	1,302,574	1,572,574
2021	325,000	1,287,196	1,612,196
2022	345,000	1,268,764	1,613,764
2023	365,000	1,249,031	1,614,031
2024 - 2028	2,190,000	5,905,926	8,095,926
2029 - 2033	3,085,000	5,176,438	8,261,438
2034 - 2038	4,390,000	4,111,544	8,501,544
2039 - 2043	6,173,000	2,588,977	8,761,977
2044 - 2048	4,745,000	801,796	5,546,796
	<u>\$ 22,143,000</u>	<u>\$ 25,010,317</u>	<u>\$ 47,153,317</u>

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. There have been no settled claims in the previous three years.

NOTE 7: MANAGEMENT COMPANY

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

NOTE 8: RELATED PARTY TRANSACTIONS

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

During the year ended September 30, 2018, the Developer was assessed \$24,962 and \$106,711 for operations and maintenance and debt service costs, respectively. The Developer also remitted prepayment assessments totaling \$1,799,396 to the District during the year. The District also purchased approximately \$3.9 million of constructed assets from the Developer. The due to Developer amount of \$1,899,510 is related to long-term developer advances to fund the construction of infrastructure. The activity for the year is detailed in Note 5.

NOTE 9: COMMITMENTS

The District has approximately \$3.8 million remaining on open contracts for various construction projects. The original contracts totaled approximately \$6.2 million. The District expects the projects to be completed in Fiscal Year 2019.

Blackburn Creek Community Development District Notes to Financial Statements

NOTE 10: SUBSEQUENT EVENT

In February 2019, the District issued \$4,740,000 of Capital Improvement Revenue Refunding Bonds, Series 2019 consisting of \$3,295,000 Series 2019 A-1 Bonds and \$1,445,000 of Series 2019 A-2 with interest rates from 4.75% to 5.60% and 5.60%, respectively. The Series 2019 bonds were issued to finance the 2019 Capital Improvement Project. Interest is paid semiannually on each May 1 and November 1. Principal payments on the Series 2019 A-1 and A-2 Bonds are made serially commencing on May 1, 2020 through May 1, 2049.

NOTE 11: PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2018, management determined that certain prior year retainage payable amounts totaling \$754,697 were incorrectly recorded in the Capital Projects Fund. As a result of correcting this error, the beginning deficit fund balance of the Capital Projects Fund of \$927,354, as originally reported, has been increased to a deficit balance of \$172,657. In addition, beginning net position for governmental activities of \$3,306,214, as originally reported, has been increased to \$4,060,911.



**Required Supplemental Information
(Other Than MD&A)**

**Blackburn Creek Community Development District
Budget to Actual Comparison Schedule – General Fund**

<i>Year ended September 30,</i>	2018		
	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Assessment revenue	\$ 99,600	\$ 95,634	\$ (3,966)
Interest and other revenues	-	17	17
Total revenues	99,600	95,651	(3,949)
Expenditures			
General government	99,600	136,159	(36,559)
Total expenditures	99,600	136,159	(36,559)
Excess (deficit) of revenues over expenditures	\$ -	\$ (40,508)	\$ (40,508)

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

To the Board of Supervisors
Blackburn Creek Community Development District
Sarasota County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Blackburn Creek Community Development District (hereinafter referred to as 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 August 1, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described on the following page as IC2018-01, which we consider to be a material weakness.

IC2018-01: Financial Statement Closing Procedures

- Condition: As part of our audit procedures, we identified approximately \$43,000 of prepayment assessment amounts receivable that were not recorded on the District's financial statements. The prepayment assessment amounts were for September 2018 and were collected by the District subsequent to year-end. We also identified approximately \$252,000 of underwriter's discount that was not recorded on the District's financial statements as of September 30, 2018.
- Criteria: Internal controls should be in place to provide reasonable assurance that all accounting transactions, including those items that do not directly impact cash, are properly recorded as part of the financial statement close process.
- Cause: The District's staff apparently overlooked certain noncash related items when preparing its annual financial report.
- Effect: The District's prepayment revenues and accounts receivable were understated by approximately \$43,000. Bond issuance costs and long-term debt proceeds on the financial statements were understated by approximately \$252,000.
- Recommendation: We recommend the District review its financial statement closing procedures to ensure all noncash items are properly recorded.
- Management response: The District will take steps to implement the aforementioned recommendation.

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

August 1, 2019

MANAGEMENT LETTER

(850) 837-3141
(850) 654-4619 (fax)
CRlcpa.com

To the Board of Supervisors
Blackburn Creek Community Development District
Sarasota County, Florida

Report on the Financial Statements

We have audited the financial statements of the Blackburn Creek Community Development District (“District”) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated August 1, 2019.

Auditors’ Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' 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 Accountants' 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 report, which are dated August 1, 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 or recommendations made in the preceding annual audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

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 to identify 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 communicate 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, requires 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 Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

August 1, 2019



Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors
Blackburn Creek Community Development District
Sarasota County, Florida

We have examined Blackburn Creek Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of Blackburn Creek Community Development District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and performed 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 judgement, 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 year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
August 1, 2019