

**TSR Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2018

TSR Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2018

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
TSR Community Development District
Pasco County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of TSR Community Development District as of and for the year ended September 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Fort Pierce / Stuart

To the Board of Supervisors
TSR Community Development District

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund of TSR Community Development District as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, economical 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 principally 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 the 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 a report dated June 27, 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 and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TSR Community Development District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 27, 2019

**TSR Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

Management's discussion and analysis of TSR Community Development District (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position are reported in three categories; 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment and debt service.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**TSR Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including land, buildings and improvements, and infrastructure are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2018.

- ◆ The District's total liabilities exceeded total assets by \$(7,698,383) (net position). Unrestricted net position for Governmental Activities was \$(8,104,705). Net Investment in Capital Assets was \$(24,392). Restricted net position was \$430,714.
- ◆ Governmental activities revenues totaled \$3,823,416 while governmental activities expenses totaled \$4,251,224.

**TSR Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

Net Position

	Governmental Activities	
	2018	2017
Current assets	\$ 515,980	\$ 326,885
Restricted assets	6,039,838	5,167,405
Capital assets	30,193,725	17,095,682
Total Assets	<u>36,749,543</u>	<u>22,589,972</u>
Current liabilities	3,215,210	982,487
Non-current liabilities	41,232,716	28,878,140
Total Liabilities	<u>44,447,926</u>	<u>29,860,627</u>
Net investment in capital assets	(24,392)	(9,585,549)
Restricted debt service	430,714	2,267,033
Net position - unrestricted	(8,104,705)	47,941
Total Net Position	<u>\$ (7,698,383)</u>	<u>\$ (7,270,575)</u>

The increase in current assets is the result of an increase in due from developer in the current year.

The increase in restricted assets, capital assets and non-current liabilities was the issuance of new long-term debt in the current year and the associated capital project.

The increase in current liabilities is related to the increase in contracts payable and accrued interest.

The increase in net investment in capital assets and the decrease in unrestricted net position is related to the reclassification of certain long-term debt in the current year.

**TSR Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

Change In Net Position

	Governmental Activities	
	2018	2017
Program Revenues		
Charges for services	\$ 2,908,977	\$ 1,803,194
Contributions	879,964	720,546
General Revenues		
Investment earnings	15,670	2,455
Miscellaneous revenues	18,805	-
Total Revenues	<u>3,823,416</u>	<u>2,526,195</u>
Expenses		
General government	138,672	126,157
Physical environment	1,505,796	1,050,207
Culture and recreation	298,248	-
Interest on long-term debt	2,308,508	1,794,770
Total Expenses	<u>4,251,224</u>	<u>2,971,134</u>
Change in Net Position	(427,808)	(444,939)
Net Position - Beginning of Year	<u>(7,270,575)</u>	<u>(6,825,636)</u>
Net Position - End of Year	<u>\$ (7,698,383)</u>	<u>\$ (7,270,575)</u>

The increase in charges for services is the result new debt service special assessments associated with the new debt issued in the prior year.

The increase in physical environment expenses is mostly attributable to an increase in landscape maintenance and streetlight expenses in the current year.

The increase in interest is the result of new debt issues in the prior year.

**TSR Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2018 and 2017.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 1,938,304	\$ 1,938,304
Construction in progress	28,155,049	15,055,750
Improvements	117,264	117,264
Equipment	7,500	-
Accumulated depreciation	<u>(24,392)</u>	<u>(15,636)</u>
Total Capital Assets (Net)	<u>\$ 30,193,725</u>	<u>\$ 17,095,682</u>

The activity for the year consisted of \$8,756 in depreciation and \$13,099,299 in additions to construction in progress and \$7,500 in additions to equipment.

General Fund Budgetary Highlights

Actual governmental expenditures were less than final budgeted amounts primarily due to lower landscape maintenance than was anticipated in the approved budget.

There were no budget amendments in the current year.

**TSR Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management

Governmental Activities debt includes the following:

- ◆ In February 2015, the District issued \$9,930,000 Series 2015 Special Assessment Revenue Bonds (Village 1 Project). These bonds were issued to finance the cost of acquisition, construction, installation and equipment of the 2015 project. The balance outstanding at September 30, 2018 was \$9,595,000.
- ◆ In October 2015, the District issued \$9,455,000 Series 2015A Special Assessment Revenue Bonds (Village 4 Project). These bonds were issued to finance the cost of acquisition, construction, installation and equipment of the 2015A Project. The balance outstanding at September 30, 2018 was \$9,160,000.
- ◆ In October 2016, the District issued \$10,235,000 Series 2016 Special Assessment Revenue Bonds (2016 Project). These bonds were issued to finance the cost of acquisition, construction, installation and equipment of the 2016 Project. The balance outstanding at September 30, 2018 was \$10,235,000.
- ◆ In December 2017, the District issued \$12,870,000 Series 2017 Special Assessment Revenue Bonds (2017 Project). These bonds were issued to finance the cost of acquisition, construction, installation and equipment of the 2017 Project. The balance outstanding at September 30, 2018 was \$12,870,000.

Economic Factors and Next Year's Budget

The District issued new debt in October 2018 and anticipates continuing to construct certain capital improvements in fiscal year 2019.

Request for Information

The financial report is designed to provide a general overview of TSR Community Development District finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the TSR Community Development District, Governmental Management Services-CF, LLC 9145 Narcoossee Rd, Ste A206, Orlando, FL 32827.

TSR Community Development District
STATEMENT OF NET POSITION
September 30, 2018

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 63,035
Assessments receivable	130,471
Due from other governments	6,062
Due from developer	312,919
Prepaid items	3,493
Total Current Assets	515,980
Non-current Assets	
Restricted assets	
Investments	6,039,838
Capital assets, not being depreciated	
Land	1,938,304
Construction in progress	28,155,049
Capital assets, being depreciated	
Improvements	117,264
Equipment	7,500
Less: accumulated depreciation	(24,392)
Total Non-current Assets	36,233,563
Total Assets	36,749,543
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	371,268
Contracts payable	1,499,146
Accrued interest	839,796
Bonds payable - current portion	505,000
Total Current Liabilities	3,215,210
Non-current liabilities	
Bonds payable	41,232,716
Total Liabilities	44,447,926
NET POSITION	
Net investment in capital assets	(24,392)
Restricted debt service	430,714
Unrestricted	(8,104,705)
Total Net Position	\$ (7,698,383)

See accompanying notes.

**TSR Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General government	\$ (138,672)	\$ 68,722	\$ 63,096	\$ (6,854)
Physical environment	(1,505,796)	741,890	681,163	(82,743)
Culture and recreation	(298,248)	147,803	135,705	(14,740)
Interest and other charges	(2,308,508)	1,950,562	-	(357,946)
Total Governmental Activities	<u>\$ (4,251,224)</u>	<u>\$ 2,908,977</u>	<u>\$ 879,964</u>	<u>(462,283)</u>
General revenues:				
				15,670
				18,805
				<u>34,475</u>
				(427,808)
				<u>(7,270,575)</u>
				<u>\$ (7,698,383)</u>

See accompanying notes.

**TSR Community Development District
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018**

ASSETS	General	Debt Service	Capital Projects	Total Governmental Funds
Cash	\$ 63,035	\$ -	\$ -	\$ 63,035
Assessments receivable	-	130,471	-	130,471
Due from other funds	-	40,762	-	40,762
Due from other governments	2,000	4,062	-	6,062
Due from developer	312,919	-	-	312,919
Prepaid items	3,493	-	-	3,493
Restricted assets				
Investments, at fair value	-	3,572,878	2,466,960	6,039,838
Total Assets	\$ 381,447	\$ 3,748,173	\$2,466,960	\$ 6,596,580
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 371,268	\$ -	\$ -	\$ 371,268
Contracts payable	-	-	1,499,146	1,499,146
Due to other funds	40,762	-	-	40,762
Total Liabilities	412,030	-	1,499,146	1,911,176
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	103,390	-	-	103,390
FUND BALANCES				
Nonspendable				
Prepays	3,493	-	-	3,493
Restricted				
Debt service	-	3,748,173	-	3,748,173
Capital projects	-	-	967,814	967,814
Unassigned	(137,466)	-	-	(137,466)
Total Fund Balances	(133,973)	3,748,173	967,814	4,582,014
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 381,447	\$ 3,748,173	\$2,466,960	\$ 6,596,580

See accompanying notes.

**TSR Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2018**

Total Governmental Fund Balances	\$ 4,582,014
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets consisting of land, \$1,938,304, construction in progress, \$28,155,049 improvements, \$117,264 and equipment, \$7,500 net of accumulated depreciation, \$(24,392), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	30,193,725
Long-term liabilities, including bonds payable, \$(41,860,000), less bond discount, net \$122,284, are not due and payable in the current period and, therefore, are not reported at the fund level.	(41,737,716)
Deferred revenues that are not available are not recognized at the fund level, however, revenue is recognized when earned at the government-wide level.	103,390
Accrued interest expense for long-term debt is not a current financial use, and therefore, is not reported at the fund level.	<u>(839,796)</u>
Net Position of Governmental Activities	<u><u>\$ (7,698,383)</u></u>

See accompanying notes.

TSR Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2018

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	\$ 958,415	\$ 1,950,562	\$ -	\$ 2,908,977
Developer contributions	776,574	-	-	776,574
Investment earnings		7,211	8,459	15,670
Miscellaneous revenues	18,805	-	-	18,805
Total Revenues	<u>1,753,794</u>	<u>1,957,773</u>	<u>8,459</u>	<u>3,720,026</u>
Expenditures				
Current				
General government	138,672	-	-	138,672
Physical environment	1,497,040	-	-	1,497,040
Culture and recreation	298,248	-	-	298,248
Capital outlay	7,500	-	13,099,299	13,106,799
Debt service				
Principal	-	330,000	-	330,000
Interest	-	1,650,548	-	1,650,548
Other debt service	-	-	415,500	415,500
Total Expenditures	<u>1,941,460</u>	<u>1,980,548</u>	<u>13,514,799</u>	<u>17,436,807</u>
Excess of revenues over/(under) expenditures	<u>(187,666)</u>	<u>(22,775)</u>	<u>(13,506,340)</u>	<u>(13,716,781)</u>
Other financing sources/(uses)				
Transfers in	5,752	-	-	5,752
Transfers out	-	(5,752)	-	(5,752)
Issuance of long-term debt	-	907,755	11,962,245	12,870,000
Total other financing sources/(uses)	<u>5,752</u>	<u>902,003</u>	<u>11,962,245</u>	<u>12,870,000</u>
Net change in fund balances	(181,914)	879,228	(1,544,095)	(846,781)
Fund Balances - October 1, 2017	<u>47,941</u>	<u>2,868,945</u>	<u>2,511,909</u>	<u>5,428,795</u>
Fund Balances - September 30, 2018	<u>\$ (133,973)</u>	<u>\$ 3,748,173</u>	<u>\$ 967,814</u>	<u>\$ 4,582,014</u>

See accompanying notes.

TSR Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (846,781)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount that capital outlay, \$13,106,799, exceeded depreciation, \$(8,756) in the current period. 13,098,043

Deferred revenues, that are not available to meet current uses, are not reflected as revenues at the fund level, however revenues are recognized when earned at the government-wide level. 103,390

The proceeds from the issuance of long-term debt are reflected as an other financing source at the fund level, however, these proceeds increase long-term liabilities at the government-wide level. (12,870,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 330,000

Governmental funds report bond discounts as expenditures. However, in the Statement of Activities, the cost is amortized as interest. This is the amount of amortization in the current year. (4,576)

In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net amount between the prior year and the current year accruals. (237,884)

Change in Net Position of Governmental Activities \$ (427,808)

TSR Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND

For the Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Special assessments	\$ 926,726	\$ 926,726	\$ 958,415	\$ 31,689
Developer contribution	1,131,619	1,131,619	776,574	(355,045)
Miscellaneous revenues	5,000	5,000	18,805	13,805
Total Revenues	<u>2,063,345</u>	<u>2,063,345</u>	<u>1,753,794</u>	<u>(309,551)</u>
Expenditures				
Current				
General government	146,963	146,963	138,672	8,291
Physical environment	1,623,048	1,623,048	1,497,040	126,008
Culture and recreation	293,334	293,334	298,248	(4,914)
Capital Outlay	-	-	7,500	(7,500)
Total Expenditures	<u>2,063,345</u>	<u>2,063,345</u>	<u>1,941,460</u>	<u>121,885</u>
Excess of revenues over/(under) expenditures	<u>-</u>	<u>-</u>	<u>(187,666)</u>	<u>(187,666)</u>
Other financing sources/(uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>5,752</u>	<u>5,752</u>
Net change in fund balances	-	-	(181,914)	(181,914)
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>47,941</u>	<u>47,941</u>
Fund Balances - September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (133,973)</u>	<u>\$ (133,973)</u>

See accompanying notes.

TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of TSR Community Development District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

The District was established on July 8, 2014 by Pasco County, Florida, Ordinance 14-14 under the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is governed by a five-member Board of Supervisors (1 seat is currently vacant), who are elected for terms of four years. The District operates within the criteria established by Chapter 190. The Board has the responsibility for assessing and levying assessments, approving budgets, exercising control over facilities and properties, controlling the use of funds generated by the District, approving the hiring and firing of key personnel, and financing improvements.

The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, designation of management, significant ability to influence operations and accountability for fiscal matters. As required by GAAP, these financial statements present the TSR Community Development District (the primary government) as a stand-alone government.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments, miscellaneous revenues and interest. Program revenues include charges for services, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District has implemented the Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by the state constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon 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. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Fund – Accounts for debt service requirements to retire certain special assessment refunding bonds which were used to finance the construction of District infrastructure improvements and finance certain additional improvements. The bond series is secured by a pledge of debt service special assessment revenues in any fiscal year related to the improvements. A lien is placed on all benefited land in relationship to the debt outstanding.

Capital Projects Fund – The Capital Project Fund accounts for the construction of infrastructure improvements within the boundaries of the District.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as special assessment bonds, be reported in the governmental activities column in the government-wide statement of net position.

4. Assets, Liabilities and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities and Net Position or Equity (Continued)

a. Cash and Investments (Continued)

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash equivalents include time deposits and certificates of deposit with original maturities of three months or less and held in a qualified public depository as defined by Florida Statute 280.02.

b. Restricted Net Position

Certain net position of the District are classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

c. Capital Assets

Capital assets, which include land, construction in progress, improvements and equipment are reported in the applicable governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities and Net Position or Equity (Continued)

c. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Improvements:	10-30 years
Equipment:	5 years

d. Unamortized Bond Discount

Bond discounts are presented on the government-wide financial statements. The costs are amortized over the life of the bonds using the method of accounting. For financial reporting, the unamortized bond discount is netted against the applicable long-term debt.

e. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget variance columns of the accompanying financial statements may occur.

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the District’s governmental funds, \$4,582,014, differs from “net position” of governmental activities, (\$7,698,383), reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Capital related items

When capital assets (property, plant and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Land	\$ 1,938,304
Construction in progress	28,155,049
Improvements	117,264
Equipment	7,500
Accumulated depreciation	<u>(24,392)</u>
Total	<u>\$ 30,193,725</u>

Deferred inflows of resources

Deferred revenues is not a current financial resource and, therefore, the revenue is not reported at the fund level.

Deferred revenues	<u>\$ 103,390</u>
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Long-term debt transactions

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2018 were:

Bonds payable	\$ (41,860,000)
Bond discount, net	<u>122,284</u>
Total	<u>\$ (41,737,716)</u>

Accrued interest

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to accrued interest on bonds.

Accrued interest on bonds payable	<u>\$ (839,796)</u>
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**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds (\$846,781) differs from the “change in net position” for governmental activities (\$427,808) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation charged for the year.

Capital outlay	\$ 13,106,799
Depreciation	<u>(8,756)</u>
Total	<u>\$ 13,098,043</u>

Deferred inflows of resources

Deferred revenue is not an available resource at the fund level, but revenue is recognized when earned at the government-wide level. This is the amount of current year change.

Deferred amount on refunding amortization	<u>\$ 103,390</u>
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Long-term debt transactions

Repayments of bond principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Debt principal payments	\$ 330,000
Issuance of new debt	(12,870,000)
Bond discount amortization	<u>(4,576)</u>
Total	<u>\$ (12,544,576)</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	<u>\$ (237,884)</u>
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**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2018, the District's bank balance was \$77,769 and the carrying value was \$63,035. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2018, the District had the following investments and maturities:

Investment	Maturities	Fair Value
U S Bank Money Market	N/A	\$ 6,039,838

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

The investment listed above is a level 1 asset.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2018, the District's investment in U S Bank Money Market was rated A-1+ by Standards & Poors.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one investment. The investment in the U S Bank Money Market is 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2018 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE D – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the bond documents.

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

**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE E – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 1,938,304	\$ -	\$ -	\$ 1,938,304
Construction in progress	15,055,750	13,099,299	-	28,155,049
Total Capital Assets, not depreciated	<u>16,994,054</u>	<u>13,099,299</u>	<u>-</u>	<u>30,093,353</u>
Capital assets, being depreciated:				
Improvements	117,264	-	-	117,264
Equipment	-	7,500	-	7,500
Total Capital Assets, Being Depreciated	<u>117,264</u>	<u>7,500</u>	<u>-</u>	<u>124,764</u>
Less accumulated depreciation	<u>(15,636)</u>	<u>(8,756)</u>	<u>-</u>	<u>(24,392)</u>
Total Capital Assets Depreciated, Net	<u>101,628</u>	<u>(1,256)</u>	<u>-</u>	<u>100,372</u>
 Governmental Activities Capital Assets	 <u><u>\$ 17,095,682</u></u>	 <u><u>\$ 13,098,043</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 30,193,725</u></u>

Depreciation of \$8,756 was charged to physical environment.

The Developer is paying certain costs for capital improvements directly. These costs will be reconciled at the completion of the project to insure that the total cost of the project is capitalized.

NOTE F – LONG-TERM DEBT

The following is a summary of activity for long-term debt of the District for the year ended September 30, 2018:

Long-term debt at October 1, 2017	\$ 29,320,000
Series 2017 Issuance	12,870,000
Principal payments	<u>(330,000)</u>
Long-term debt at September 30, 2018	41,860,000
Less bond discount	<u>(122,284)</u>
Total long-term debt, September 30, 2018	<u><u>\$ 41,737,716</u></u>

**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE F – LONG-TERM DEBT (CONTINUED)

Long-term debt is comprised of the following:

Special Assessment Revenue Bonds

<p>\$9,930,000 Series 2015 Special Assessment Revenue Bonds due in annual installments beginning November 2016 and maturing November 2045. Interest from 3.625% to 5.125% is due in May and November starting November 2015.</p>	<p>\$ 9,595,000</p>
<p>\$9,455,000 Series 2015A Special Assessment Revenue Bonds due in annual installments beginning November 2016 and maturing November 2045. Interest from 4.25% to 5.625% is due in May and November starting May 2016.</p>	<p>9,160,000</p>
<p>\$10,235,000 Series 2016 Special Assessment Revenue Bonds due in annual installments beginning November 2018 and maturing November 2047. Interest from 3.5% to 4.75% is due in May and November starting May 2017.</p>	<p>10,235,000</p>
<p>\$12,870,000 Series 2017 Special Assessment Revenue Bonds due in annual installments beginning November 2019 and maturing November 2048. Interest from 3.625% to 4.75% is due in May and November starting May 2018.</p>	<p>12,870,000</p>
<p>Bond Discount, Net</p>	<p><u>(122,284)</u></p>
<p>Bonds Payable, Net</p>	<p><u>\$ 41,737,716</u></p>

**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE F – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2018 are as follows:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 505,000	\$ 2,005,984	\$ 2,510,984
2020	745,000	1,982,569	2,727,569
2021	770,000	1,953,416	2,723,416
2022	800,000	1,924,319	2,724,319
2023	830,000	1,890,900	2,720,900
2024-2028	4,730,000	8,872,266	13,602,266
2029-2033	5,940,000	7,615,469	13,555,469
2034-2038	7,520,000	5,993,566	13,513,566
2039-2043	9,615,000	3,843,825	13,458,825
2044-2048	9,640,000	1,274,614	10,914,614
2049	765,000	18,169	783,169
Totals	<u>\$ 41,860,000</u>	<u>\$ 37,375,097</u>	<u>\$ 79,235,097</u>

Summary of Significant Bonds Resolution Terms and Covenants

SPECIAL ASSESSMENTS REVENUE BONDS, SERIES 2015

Depository Funds – The bond resolution established certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

1. Reserve Fund – The 2015 Reserve Account is funded from the proceeds of the Bonds in an amount equal to the maximum annual debt service requirement. Monies held in the reserve account will be used only for the purpose established in the Trust Indenture.

	Bonds	
	Reserve Balance	Reserve Requirement
Series 2015 Special Assessment Bonds	<u>\$ 648,463</u>	<u>\$ 648,463</u>

**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE F – LONG-TERM DEBT (CONTINUED)

SPECIAL ASSESSMENTS REVENUE BONDS, SERIES 2015A

Depository Funds – The bond resolution established certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

1. Reserve Fund – The 2015A Reserve Account is funded from the proceeds of the Bonds in an amount equal to the maximum annual debt service requirement. Monies held in the reserve account will be used only for the purpose established in the Trust Indenture.

	Bonds	
	Reserve Balance	Reserve Requirement
Series 2015A Special Assessment Bonds	\$ 653,719	\$ 652,669

SPECIAL ASSESSMENTS REVENUE BONDS, SERIES 2016

Depository Funds – The bond resolution established certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

1. Reserve Fund – The 2016 Reserve Account is funded from the proceeds of the Bonds in an amount equal to 75% of the maximum annual debt service requirement. Monies held in the reserve account will be used only for the purpose established in the Trust Indenture.

	Bonds	
	Reserve Balance	Reserve Requirement
Series 2016 Special Assessment Bonds	\$ 481,322	\$ 481,322

**TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE F – LONG-TERM DEBT (CONTINUED)

SPECIAL ASSESSMENTS REVENUE BONDS, SERIES 2017

Depository Funds – The bond resolution established certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

1. Reserve Fund – The 2017 Reserve Account is funded from the proceeds of the Bonds in an amount equal to 50% of the maximum annual debt service requirement. Monies held in the reserve account will be used only for the purpose established in the Trust Indenture.

	Bonds	
	Reserve Balance	Reserve Requirement
Series 2017 Special Assessment Bonds	\$ 403,163	\$ 403,163

NOTE G – ECONOMIC DEPENDENCY

The Developer owns a significant portion of land within the District. The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations. At September 30, 2018, all board members are affiliated with the Developer.

NOTE H – INTERFUND BALANCES

Interfund balances at September 30, 2018, consisted of the following:

	Interfund Payables
Interfund Receivables	Debt Service Fund
General Fund	\$ 40,762

Amount due to Debt Service Fund from the General Fund are related to assessments collected in the General Fund that are allocated to the Debt Service Fund.

	Transfers In
Transfers Out	General Fund
Debt Service Fund	\$ 5,752

Transfers to the General Fund from the Debt Service Fund are related to overpayment of assessments that were collected in the General Fund and transferred to the Debt Service Fund.

TSR Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE I – DEVELOPER TRANSACTIONS

Governmental Funds

The Developer has agreed to fund the general operations of the District. In connection with that agreement, Developer contributions in the general fund were \$776,574. The amount reflected in the general fund includes a receivable of \$312,919.

Series 2016 (2016 Project) Acquisition Agreement

The District has entered into an Acquisition Agreement with the Developer whereby the Developer agreed to advance, fund, commence, and complete the Work Product and the District improvements (the “2016 Improvement”) which were undertaken and funded by the Developer prior to the issuance of the District’s Series 2016 Bonds. In accordance with the agreement, the Series 2016 (2016 Project) bonds were issued and the District used \$2,221,462 of the proceeds to acquire a portion of the 2016 Improvements from the Developer in the current fiscal year.

Series 2017 (2017 Project) Acquisition Agreement

The District has entered into an Acquisition Agreement with the Developer whereby the Developer agreed to advance, fund, commence, and complete the Work Product and the District improvements (the “2017 Improvement”) that will ultimately be paid for with the proceeds from the issuance of the Series 2017 Bonds. The Improvements were estimated to cost \$12,613,540 and the District has a total of \$11,546,745 available from the proceeds of the Series 2017 Bonds to acquire them; the Developer will contribute the remainder of the improvements to the District. In accordance with the agreement, the Series 2017 (2017 Project) bonds were issued and the District used \$9,376,678 of the proceeds to acquire a portion of the 2016 Improvements from the Developer in the current fiscal year.

NOTE J – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

NOTE K – SUBSEQUENT EVENT

Subsequent to year-end, in October 2018, the District issued Special Assessment Revenue Bonds, Series 2018 (Northwest Assessment Area Parcels A, B and C) in the amount of \$9,785,000. The Series 2018 Bonds were issued to finance the cost of acquisition, construction and equipment of the 2018 Project.



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

To the Board of Supervisors
TSR Community Development District
Pasco 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 TSR Community Development District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered TSR Community Development District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TSR Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of TSR Community Development 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Supervisors
TSR Community Development District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TSR Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants
Fort Pierce, Florida

June 27, 2019



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MANAGEMENT LETTER

To the Board of Supervisors
TSR Community Development District
Pasco County, Florida

Report on the Financial Statements

We have audited the financial statements of the TSR Community Development District as of and for the year ended September 30, 2018, and have issued our report thereon dated June 27, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals 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 27, 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 financial audit report. There were no findings or recommendations in the preceding audit.

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 TSR Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Narcoossee Community Development District did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

To the Board of Supervisors
TSR Community Development District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for TSR Community Development District. It is management's responsibility to monitor the TSR Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2018.

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 us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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, 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.

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 27, 2019



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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
TSR Community Development District
Pasco County, Florida

We have examined TSR Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2018. Management is responsible for TSR Community Development District's compliance with those requirements. Our responsibility is to express an opinion on TSR Community Development District's compliance based on our examination.

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

In our opinion, TSR Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2018.

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 27, 2019