

**Fieldstone Community
Development District**

FINANCIAL STATEMENTS

September 30, 2019



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Fieldstone Community Development District
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September 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Fieldstone Community Development District
Manatee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fieldstone Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2019, 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, each major fund, and the aggregate remaining fund information of the District as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 May 27, 2020, 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
May 27, 2020



Management's Discussion And Analysis

Fieldstone Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Fieldstone Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2019, the assets of the District exceed its liabilities and deferred inflows of resources by approximately \$2.9 million.
- During the fiscal year ended September 30, 2019, the District issued Series 2019A-1 and 2019A-2 Bonds totaling \$9,910,000 and \$3,355,000, respectively. These funds will be used to acquire and construct all or a portion of 2019 project. The District incurred \$461,506 of bond issue costs related to the Series 2019A-1 and 2019A-2 issue.
- During the fiscal year ended September 30, 2019, the District established infrastructure of approximately \$8.7 million.

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.

Fieldstone 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.

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> | 2019 | 2018 | Change |
|--|----------------------|---------------------|----------------------|
| Assets | | | |
| Current and other assets | \$ 8,752,340 | \$ 1,428,725 | \$ 7,323,615 |
| Capital assets, net | 16,193,324 | 7,454,040 | 8,739,284 |
| Total assets | \$ 24,945,664 | \$ 8,882,765 | \$ 16,062,899 |
| Liabilities | | | |
| Current liabilities | \$ 1,108,970 | \$ 1,958,910 | \$ (849,940) |
| Other liabilities | 20,953,670 | 6,054,474 | 14,899,196 |
| Total liabilities | 22,062,640 | 8,013,384 | 14,049,256 |
| Deferred inflows of resources | | | |
| Deferred revenue | 5,136 | - | 5,136 |
| Total deferred inflows of resources | 5,136 | - | 5,136 |
| Net position | | | |
| Net investment in capital assets | 2,709,408 | 827,315 | 1,882,093 |
| Restricted for: | | | |
| Capital projects | 126,420 | - | 126,420 |
| Unrestricted | 42,060 | 42,066 | (6) |
| Total net position | 2,877,888 | 869,381 | 2,008,507 |
| Total liabilities, deferred inflows of resources and net position | \$ 24,945,664 | \$ 8,882,765 | \$ 16,062,899 |

Fieldstone 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, 2019, total assets and liabilities increased by approximately \$16.1 million and \$14 million, respectively, while deferred inflows of resources increased an insignificant amount. The increase in assets and liabilities is largely the result of the issuance of the Series 2019A-1 and 2019A-2 bonds in the current year to fund the construction and acquisition of infrastructure.

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

| <i>For the year ended September 30,</i> | 2019 | 2018 | Change |
|---|---------------------|-------------------|---------------------|
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 253,222 | \$ 41,837 | \$ 211,385 |
| Grants and contributions | 4,804 | - | 4,804 |
| General revenues: | | | |
| Interlocal agreements reimbursements | 2,500,000 | 874,296 | 1,625,704 |
| Interest and other revenues | 82 | 30 | 52 |
| Total revenues | 2,758,108 | 916,163 | 1,841,945 |
| Expenses: | | | |
| General government | 129,701 | 48,076 | 81,625 |
| Bond issue costs | 461,506 | - | 461,506 |
| Interest | 158,394 | - | 158,394 |
| Total expenses | 749,601 | 48,076 | 701,525 |
| Change in net position | 2,008,507 | 868,087 | 1,140,420 |
| Net position, beginning of year | 869,381 | 1,294 | 868,087 |
| Net position, end of year | \$ 2,877,888 | \$ 869,381 | \$ 2,008,507 |

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

Revenues and expenses increased over the prior year by approximately \$1.8 million and 702,000, respectively. The increase in revenues is primarily due to reimbursements received as a result of the Interlocal Agreement with Brookstone CDD to help fund certain infrastructure improvements. Expenses increased due to bond issue costs incurred in the current year. The overall result was a \$2,008,507 increase in net position for fiscal year 2019.

Fieldstone 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 \$7.8 million, which is an increase over last year's deficit balance that totaled approximately \$530,000. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2019, the District established infrastructure of approximately \$8.7 million.
- During the fiscal year ended September 30, 2019, the District issued Series 2019A-1 and 2019A-2 Bonds totaling \$9,910,000 and \$3,355,000, respectively. These funds will be used to acquire and construct all or a portion of 2019 project. The District incurred \$461,506 of bond issue costs related to the Series 2019A-1 and 2019A-2 issue.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2019, the District had approximately \$16.2 million invested in capital assets. This amount represents an increase of approximately \$8.7 million from the fiscal year 2018 total. A listing of capital assets by major category for the current and prior year follows:

| <i>September 30,</i> | 2019 | 2018 | Change |
|----------------------|---------------|--------------|---------------|
| Capital assets | \$ 16,193,324 | \$ 7,454,040 | \$ 8,739,284 |

More information about the District's capital assets is presented in Note 3 to the financial statements.

Debt

At September 30, 2019, the District had approximately \$21 million of long-term debt outstanding. This amount represents an increase of \$14.9 million from the fiscal year 2018 total.

Fieldstone 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> | 2019 | 2018 | Change |
|----------------------|----------------------|---------------------|----------------------|
| Series 2019A-1 | \$ 9,910,000 | \$ - | \$ 9,910,000 |
| Series 2019A-2 | 3,355,000 | - | 3,355,000 |
| Due to developer | 7,688,670 | 6,054,474 | 1,634,196 |
| | \$ 20,953,670 | \$ 6,054,474 | \$ 14,899,196 |

More information about the District's long-term debt is presented in Notes 4 and 7 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 23.

The District's revenues and expenditures did not vary significantly from budget.

FUTURE FINANCIAL FACTORS

Fieldstone 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. For fiscal year 2020, the Developer has agreed to fund the operations of the District.

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 Fieldstone Community Development District's management company at 12051 Corporate Blvd, Orlando, Florida 32817.



Basic Financial Statements

Fieldstone Community Development District
Statement of Net Position

| <i>September 30,</i> | 2019 |
|--------------------------------------|------------------------------------|
| | Governmental Activities |
| Assets | |
| Cash and cash equivalents | \$ 8,720,377 |
| Assessments receivable | 2,773 |
| Due from developer | 22,692 |
| Accrued interest receivable | 1,373 |
| Prepaid expenses | 5,125 |
| Capital assets: | |
| Not being depreciated | 16,193,324 |
| <hr/> | |
| Total assets | 24,945,664 |
| <hr/> | |
| Liabilities | |
| Accounts payable | 224,549 |
| Retainage payable | 726,027 |
| Accrued interest payable | 158,394 |
| Non-current liabilities: | |
| Due to developer | 7,688,670 |
| Due within one year | 145,000 |
| Due in more than one year | 13,120,000 |
| <hr/> | |
| Total liabilities | 22,062,640 |
| <hr/> | |
| Deferred inflows of resources | |
| Deferred revenue | 5,136 |
| <hr/> | |
| Total deferred inflows of resources | 5,136 |
| <hr/> | |
| Net position | |
| Net investment in capital assets | 2,709,408 |
| Restricted for: | |
| Capital projects | 126,420 |
| Unrestricted | 42,060 |
| <hr/> | |
| Total net position | \$ 2,877,888 |
| <hr/> | |

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

**Fieldstone Community Development District
Statement of Activities**

For the year ended September 30,

2019

| Functions/Programs | Expenses | <u>Program Revenues</u> | | Net (Expense) Revenue and Changes in Net Position |
|-------------------------------|--------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ (129,701) | \$ 253,222 | \$ - | \$ 123,521 |
| Bond issue costs | (461,506) | - | - | (461,506) |
| Interest | (158,394) | - | 4,804 | (153,590) |
| Total governmental activities | \$ (749,601) | \$ 253,222 | \$ 4,804 | (491,575) |

General revenues

| | |
|-------------------------------------|--------------|
| Interlocal agreement reimbursements | 2,500,000 |
| Interest and other revenues | 82 |
| | |
| Change in net position | 2,008,507 |
| Net position - beginning of year | 869,381 |
| | |
| Net position - end of year | \$ 2,877,888 |
| | |

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

Fieldstone Community Development District Balance Sheet – Governmental Funds

September 30,

2019

| | General | Capital Projects | Nonmajor Fund | Total Governmental Funds |
|--|------------------|---------------------|-------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 32,262 | \$ 8,361,801 | \$ 326,314 | \$ 8,720,377 |
| Assessments receivable | 2,773 | - | - | \$ 2,773 |
| Due from developer | 22,692 | - | - | 22,692 |
| Interest receivable | - | 1,324 | 49 | 1,373 |
| Prepaid expenditures | 5,125 | - | - | 5,125 |
| Total assets | \$ 62,852 | \$ 8,363,125 | \$ 326,363 | \$ 8,752,340 |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 17,567 | \$ 206,982 | \$ - | \$ 224,549 |
| Retainage payable | - | 726,027 | - | 726,027 |
| Total liabilities | 17,567 | 933,009 | - | 950,576 |
| Deferred inflows of resources | | | | |
| Deferred revenue | 5,136 | - | - | 5,136 |
| Total deferred inflows of resources | 5,136 | - | - | 5,136 |
| Fund balances | | | | |
| Nonspendable | 5,125 | - | - | 5,125 |
| Restricted for debt service | - | - | 326,363 | 326,363 |
| Restricted for capital projects | - | 7,430,116 | - | 7,430,116 |
| Unassigned | 35,024 | - | - | 35,024 |
| Total fund balances | 40,149 | 7,430,116 | 326,363 | 7,796,628 |
| Total liabilities and fund balances | \$ 62,852 | \$ 8,363,125 | \$ 326,363 | \$ 8,752,340 |

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

Fieldstone Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position

| <i>September 30,</i> | 2019 |
|--|--------------|
| Total fund balances, governmental funds | \$ 7,796,628 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements. | 16,193,324 |
| Developer advances are recorded as a liability on the Statement of Net Position but are treated as other financing sources on the fund level financial statements. | (7,688,670) |
| Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements. | (13,423,394) |
| Total net position - governmental activities | \$ 2,877,888 |

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

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

For the year ended September 30,

2019

| | General | Capital Projects | Nonmajor Fund | Total Governmental Funds |
|--|------------------|-----------------------------|--------------------------|---|
| Revenues | | | | |
| Developer contributions | \$ 131,451 | \$ 121,771 | \$ - | \$ 253,222 |
| Interlocal agreement reimbursements | - | 2,500,000 | - | 2,500,000 |
| Interest and other revenues | 82 | 4,649 | 155 | 4,886 |
| Total revenues | 131,533 | 2,626,420 | 155 | 2,758,108 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 129,701 | - | - | 129,701 |
| Debt service: | | | | |
| Bond issue costs | - | 196,206 | 265,300 | 461,506 |
| Capital outlay | - | 8,739,284 | - | 8,739,284 |
| Total expenditures | 129,701 | 8,935,490 | 265,300 | 9,330,491 |
| Excess (deficit) of revenues over expenditures | 1,832 | (6,309,070) | (265,145) | (6,572,383) |
| Other Financing Sources | | | | |
| Bond proceeds | - | 12,673,492 | 591,508 | 13,265,000 |
| Developer advances | - | 1,634,196 | - | 1,634,196 |
| Transfers in | 43,232 | - | - | 43,232 |
| Transfers out | - | (43,232) | - | (43,232) |
| Total other financing sources | 43,232 | 14,264,456 | 591,508 | 14,899,196 |
| Net change in fund balances | 45,064 | 7,955,386 | 326,363 | 8,326,813 |
| Fund balances (deficit), beginning of year | (4,915) | (525,270) | - | (530,185) |
| Fund balances, end of year | \$ 40,149 | \$ 7,430,116 | \$ 326,363 | \$ 7,796,628 |

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

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

| <i>For the year ended September 30,</i> | 2019 |
|--|--------------|
| Net change in fund balances - governmental funds | \$ 8,326,813 |
| Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Position. | 8,739,284 |
| Developer advances and repayments are recorded as other financing sources and uses on the fund level financial statements but are treated as a liability on the Statement of Activities. | (1,634,196) |
| The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements. | (158,394) |
| 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. | (13,265,000) |
| Change in net position of governmental activities | \$ 2,008,507 |

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

Fieldstone Community Development District Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

The Fieldstone Community Development District (the “District”) was established on April 2, 2015 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Manatee County Ordinance No. 15-16. The Ordinance was amended by Ordinance No. 19-23, on May 21, 2019, which expended the District’s boundaries. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by 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. A majority of the Supervisors are currently affiliated with the Developer of the community, NP Land Partners, LLC. The District is economically dependent on the Developer. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

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.

Fieldstone 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, 2019, 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.

Developer contributions 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.

Fieldstone Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund – The Capital Projects fund is used to account for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

For the year ended September 30, 2019, 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)*.

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 U.S. 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., 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.

Fieldstone Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 will be depreciated using the straight-line method over the following estimated useful lives when the assets are completed and placed in service: Infrastructure – drainage system and other: 30 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 current period expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet – governmental funds will sometimes include 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, 2019.

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. At September 30, 2019, the District deferred \$5,136 of revenues related to expenditures of the following fiscal year.

Fieldstone Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

Fieldstone Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Certain payments to vendors reflects costs applicable to future accounting periods and are recorded as prepaid expenses and prepaid expenditures on the Statement of Net Position and Balance Sheet – Governmental Funds, respectively. These items will be expensed over the applicable usage period.

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: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2019:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|--|----------------------|---------------------|-------------|----------------------|
| Governmental Activities: | | | | |
| <i>Capital assets not being depreciated</i> | | | | |
| Construction in progress | \$ 7,454,040 | \$ 8,739,284 | \$ - | \$ 16,193,324 |
| Total capital assets, not being depreciated | 7,454,040 | 8,739,284 | - | 16,193,324 |
| Governmental activities capital assets, net | \$ 7,454,040 | \$ 8,739,284 | \$ - | \$ 16,193,324 |

The total projected cost of the infrastructure has been estimated at \$50.86 million, of which approximately \$12.5 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.

NOTE 4: BONDS PAYABLE

On June 27, 2019, the District issued \$13,265,000 of Capital Improvement Revenue Bonds, Series 2019 consisting of \$9,910,000 Series 2019A-1 Term Bonds and \$3,355,000 Series 2019A-2 Term Bonds with interest rates of ranging from 4.75% to 5.35%. 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 Series 2019A-1 Term Bonds is to be paid serially commencing May 1, 2020 through May 1, 2049. Principal on Series 2019A-2 is due May 1, 2029.

Fieldstone Community Development District
Notes to Financial Statements

NOTE 4: BONDS PAYABLE (Continued)

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, 2019.

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, 2019, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------------------------|----------------------|---------------|------------|----------------|------------------------|
| <i>Governmental Activities</i> | | | | | |
| Bonds Payable: | | | | | |
| Series 2019A-1 | \$ - | \$ 9,910,000 | \$ - | \$ 9,910,000 | \$ 145,000 |
| Series 2019A-2 | - | 3,355,000 | - | 3,355,000 | - |
| Due to Developer (Note 7) | 6,054,474 | 1,634,196 | - | 7,688,670 | - |
| | \$ 6,054,474 | \$ 14,899,196 | \$ - | \$ 20,953,670 | \$ 145,000 |

At September 30, 2019, the schedule of debt service requirements on bonds payable were as follows:

| <i>Year Ending September 30,</i> | Principal | Interest | Total Debt Service |
|----------------------------------|------------------|-----------------|-------------------------------|
| 2020 | \$ 145,000 | \$ 561,398 | \$ 706,398 |
| 2021 | 150,000 | 687,311 | 837,311 |
| 2022 | 155,000 | 680,186 | 835,186 |
| 2023 | 175,000 | 672,645 | 847,645 |
| 2024 | 175,000 | 664,570 | 839,570 |
| 2025-2029 | 4,375,000 | 3,189,019 | 7,564,019 |
| 2030-2034 | 1,300,000 | 2,012,102 | 3,312,102 |
| 2035-2039 | 1,700,000 | 1,634,965 | 3,334,965 |
| 2040-2044 | 2,200,000 | 1,137,069 | 3,337,069 |
| 2045-2049 | 2,890,000 | 478,089 | 3,368,089 |
| | \$ 13,265,000 | \$ 11,717,353 | \$ 24,982,353 |

Fieldstone Community Development District Notes to Financial Statements

NOTE 5: 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. The District has had no claims on their insurance in the previous three years.

NOTE 6: 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 7: DEVELOPER TRANSACTIONS

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

The Developer has agreed to fund the general operations of the District. During the year ended September 30, 2019, the Developer contributed \$253,222, of which \$22,692 is recorded as Due from developer on the accompanying Statement of Net Position and Balance Sheet - Governmental Funds.

In addition, during 2019 the Developer advanced \$1,634,196 to the Capital Project Fund to fund the construction of infrastructure. At September 30, 2019 developer advances totaled approximately \$7.7 million. The advances are non-interest bearing and have no scheduled repayments. The District anticipates repaying the Developer for these advanced amounts with the future issuance of bonds. The activity for the year is detailed in Note 4.

NOTE 8: INTERLOCAL AGREEMENT

In 2017, the District entered into an agreement with Brookstone CDD to receive reimbursements for the portion of infrastructure related to the Amazon Development that benefits Brookstone. Reimbursements will be based on the total estimated costs of improvements as determined by the District engineer at an amount up to \$2.5 million. During the fiscal year ended September 30, 2019, the District received \$2.5 million in reimbursements on behalf of Brookstone CDD. The Amazon Development includes the installation of the Fort Hamer and Moccasin-Wallow Roadway improvements and the related sewer force main. Once the Amazon Development improvements

Fieldstone Community Development District Notes to Financial Statements

NOTE 8: INTERLOCAL AGREEMENT (Continued)

are completed, District Management anticipates that the improvements will be conveyed to Manatee County.

NOTE 9: COMMITMENTS

At September 30, 2019, the District had an outstanding infrastructure construction contract totaling approximately \$8.5 million, of which approximately \$3.9 million remains unfinished at year-end. In addition subsequent to year-end, the District entered into contracts for the construction of the Amenity Center and Morgan's Glen totaling approximately \$11.7 million.

NOTE 10: SUBSEQUENT EVENTS

On November 7, 2019, the District issued \$10,575,000 of Capital Improvement Revenue Bonds, Series 2019 consisting of \$5,530,000 Series 2019A-1 (Morgans Glen Project) Term Bonds and \$5,045,000 Series 2019A-2 (Morgans Glen Project) Term Bonds with interest rates of ranging from 4.60% to 5.20%. The Bonds were issued to finance the acquisition and construction of the Morgan's Glen Project. Series 2019A-1 interest is to be paid semiannually on each May 1 and November 1. Series 2019A-2 is interest only and has a maturity date of May 1, 2029. Principal on the Series 2019 A-1 is to be paid serially commencing May 1, 2020 through May 1, 2049.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



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

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

For the year ended September 30,

| | 2019 | | |
|--------------------------------------|--------------------------------------|---------------------------|---------------------------------------|
| | Original and Final Budget | Actual Amounts | Variance with Final Budget |
| Revenues | | | |
| Developer contributions | \$ 129,689 | \$ 131,533 | \$ 1,844 |
| Total revenues | 129,689 | 131,533 | 1,844 |
| Expenditures | | | |
| General government | 129,689 | 129,701 | (12) |
| Total expenditures | 129,689 | 129,701 | (12) |
| Excess of revenues over expenditures | \$ - | \$ 1,832 | \$ 1,832 |

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
Fieldstone Community Development District
Manatee 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, each major fund, and the aggregate remaining fund information of Fieldstone Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 27, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

May 27, 2020

MANAGEMENT LETTER

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

To the Board of Supervisors
Fieldstone Community Development District
Manatee County, Florida

Report on the Financial Statements

We have audited the financial statements of the Fieldstone Community Development District ("District") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 27, 2020.

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 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 reports, which are dated May 27, 2020, 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 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Other 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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

May 27, 2020



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

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

To the Board of Supervisors
Fieldstone Community Development District
Manatee County, Florida

We have examined Fieldstone Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and 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, 2019.

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
May 27, 2020