

**STONEBROOK
COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Position – Proprietary Fund	14
Statement of Revenues, Expenses and Change in Net Position – Proprietary Funds	15
Statement of Cash Flow – Proprietary Fund	16
Notes to the Financial Statements	17-27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	28
Notes to Required Supplementary Information	29
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30-31
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	32
MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	33-34



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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Stoneybrook Community Development District
Lee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Stoneybrook Community Development District, Lee County, Florida (the "District") as of and for the fiscal 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.

Auditor's 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 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 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, the business-type activities and each major fund of the District as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.



June 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Stoneybrook Community Development District, Lee County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the fiscal year ended September 30, 2019 resulting in a net position of \$13,186,592.
- The change in the District's total net position in comparison with the prior fiscal year was \$249,181, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2019, the District's governmental funds reported combined ending fund balances of \$227,807, an increase of \$30,600 in comparison with the prior fiscal year. A portion of the fund balance is restricted for debt service and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and maintenance operations. The business-type activities of the District include a golf course operation and an irrigation operation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Proprietary Funds

The District maintains one type of proprietary fund, enterprise funds. An enterprise fund is used to report the same function presented as business-type activities in the government-wide financial statements. The District maintains two enterprise funds. The District uses the golf course fund to account for the operations of the golf course and related recreational facilities and uses the irrigation fund to account for the operations of the irrigation services within the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION					
	SEPTEMBER 30,					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2018	
Current and other assets	\$ 233,866	\$ 203,903	\$ 1,160,549	\$ 922,635	\$ 1,394,415	\$ 1,126,538
Capital assets, net of depreciation	9,396,201	9,706,629	5,449,025	5,572,933	14,845,226	15,279,562
Total assets	9,630,067	9,910,532	6,609,574	6,495,568	16,239,641	16,406,100
Current liabilities	40,621	54,616	216,285	205,394	256,906	260,010
Long-term liabilities	1,180,000	1,746,806	1,616,143	1,461,873	2,796,143	3,208,679
Total liabilities	1,220,621	1,801,422	1,832,428	1,667,267	3,053,049	3,468,689
Net position						
Net investment in capital assets	8,216,201	7,959,823	4,132,882	4,111,060	12,349,083	12,070,883
Restricted	114,496	225,506	255,724	235,686	370,220	461,192
Unrestricted	78,749	(76,219)	388,540	481,555	467,289	405,336
Total net position	\$ 8,409,446	\$ 8,109,110	\$ 4,777,146	\$ 4,828,301	\$ 13,186,592	\$ 12,937,411

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION					
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,					
Governmental Activities		Business-type Activities		Total	
2019	2018	2019	2018	2019	2018
Revenues:					
Program revenues					
\$ 1,081,665	\$ 1,095,012	\$ 3,079,537	\$ 2,979,181	\$ 4,161,202	\$ 4,074,193
40,984	2,141	-	-	40,984	2,141
-	-	25,000	-	25,000	-
General revenues					
200	148	5,464	3,119	5,664	3,267
28,174	36,589	-	-	28,174	36,589
1,151,023	1,133,890	3,110,001	2,982,300	4,261,024	4,116,190
Expenses:					
General government					
114,987	112,446	-	-	114,987	112,446
638,333	768,187	-	-	638,333	768,187
-	-	2,774,095	2,791,268	2,774,095	2,791,268
-	-	276,103	290,182	276,103	290,182
-	-	18,500	-	18,500	-
97,367	131,075	92,458	100,100	189,825	231,175
850,687	1,011,708	3,161,156	3,181,550	4,011,843	4,193,258
300,336	122,182	(51,155)	(199,250)	249,181	(77,068)
8,109,110	10,729,968	4,828,301	(3,904,827)	12,937,411	6,825,141
8,109,110	7,986,928	4,828,301	5,027,551	12,937,411	13,014,479
\$ 8,409,446	\$ 8,109,110	\$ 4,777,146	\$ 4,828,301	\$ 13,186,592	\$ 12,937,411

Governmental activities

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2019 was \$850,687. The costs of the District's activities were primarily funded by program revenues. The increase in program revenues is primarily due a hurricane related grant from FEMA. The majority of the decrease in expenses results decreased clean-up costs associated with Hurricane Irma.

Business-type activities

Business-type activities reflect the operations of the golf course and irrigation services of the District. Program revenues increased primarily due to a contribution of capital assets. The majority of the decrease in expenses is due to decreased costs of operating the Golf Course and Pro Shop.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2019 was amended to increase revenues by \$35,500 and increase appropriations by \$44,152. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2019, the District had \$15,346,144 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$5,949,943 has been taken, which resulted in a net book value of \$9,396,201. The District's business-type activities reported net capital assets of \$5,449,025. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2019, the District had \$1,180,000 in Bonds outstanding for its governmental activities. For business-type activities, the District had Bonds outstanding of \$1,270,000. The District also had outstanding capital leases of \$46,143 for its business-type activities. During the current fiscal year, the District issued a Note payable of \$300,000 for its business-type activities which is also outstanding at September 30, 2019. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

Subsequent to the end of the fiscal year, the coronavirus ("COVID-19") outbreak has prompted global health concerns. The duration and full effects of the outbreak are yet unknown. As a result of the COVID-19 outbreak, economic uncertainties have arisen which may negatively impact the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Stoneybrook Community Development District's Finance Department at 2300 Glades Road, Suite 410W Boca Raton, Florida 33431.

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash	\$ 42,339	\$ 734,024	\$ 776,363
Accounts receivable	4,500	38,495	42,995
Assessments receivable	1,461	-	1,461
Inventories	-	69,961	69,961
Prepays and deposits	-	49,463	49,463
Internal balances	36,784	(36,784)	-
Restricted assets:			
Investments	148,782	282,805	431,587
Cash	-	22,585	22,585
Capital assets:			
Nondepreciable	7,643,846	3,408,677	11,052,523
Depreciable, net	1,752,355	2,040,348	3,792,703
Total assets	<u>9,630,067</u>	<u>6,609,574</u>	<u>16,239,641</u>
LIABILITIES			
Accounts payable	6,059	166,619	172,678
Accrued interest payable	34,562	37,042	71,604
Customer deposits payable from restricted assets	-	12,624	12,624
Non-current liabilities:			
Due within one year	265,000	205,829	470,829
Due in more than one year	915,000	1,410,314	2,325,314
Total liabilities	<u>1,220,621</u>	<u>1,832,428</u>	<u>3,053,049</u>
NET POSITION			
Net investment in capital assets	8,216,201	4,132,882	12,349,083
Restricted for debt service	114,496	255,724	370,220
Unrestricted	78,749	388,540	467,289
Total net position	<u>\$ 8,409,446</u>	<u>\$ 4,777,146</u>	<u>\$ 13,186,592</u>

See notes to the financial statements

STONEBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total	
Primary government:							
Governmental activities:							
General government	\$ 114,987	\$ 532,155	\$ -	\$ 417,168	\$ -	\$ 417,168	\$ 417,168
Maintenance and operations	638,333	-	36,900	(601,433)	-	(601,433)	(601,433)
Interest on long-term debt	97,367	549,510	4,084	456,227	-	456,227	456,227
Total governmental activities	850,687	1,081,665	40,984	271,962	-	271,962	271,962
Business-type activities:							
Recreational	2,774,095	2,790,868	-	25,000	-	41,773	41,773
Irrigation services	276,103	288,669	-	-	-	12,566	12,566
Bond issue costs	18,500	-	-	-	-	(18,500)	(18,500)
Interest on long-term debt	92,458	-	-	-	-	(92,458)	(92,458)
Total business-type activities	3,161,156	3,079,537	-	25,000	-	(56,619)	(56,619)
General revenues:							
Unrestricted investment earnings				200	5,464	5,664	5,664
Miscellaneous revenue				28,174	-	28,174	28,174
Total general revenues				28,374	5,464	33,838	33,838
Change in net position				300,336	(51,155)	249,181	249,181
Net position - beginning				8,109,110	4,828,301	12,937,411	12,937,411
Net position - ending				\$ 8,409,446	\$ 4,777,146	\$ 13,186,592	\$ 13,186,592

See notes to the financial statements

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Major Funds		Total Governmental Funds
	General	Debt Service	
ASSETS			
Cash	\$ 42,339	\$ -	\$ 42,339
Investments	-	148,782	148,782
Due from other funds	36,784	-	36,784
Accounts receivable	4,500	-	4,500
Assessments receivable	1,185	276	1,461
Total assets	\$ 84,808	\$ 149,058	\$ 233,866
LIABILITIES			
Liabilities:			
Accounts payable	\$ 6,059	\$ -	\$ 6,059
Total liabilities	6,059	-	6,059
FUND BALANCES			
Restricted for:			
Debt service	-	149,058	149,058
Unassigned	78,749	-	78,749
Total fund balances	78,749	149,058	227,807
Total liabilities and fund balances	\$ 84,808	\$ 149,058	\$ 233,866

See notes to the financial statements

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Total fund balances - governmental funds \$ 227,807

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	15,346,144	
Accumulated depreciation	<u>(5,949,943)</u>	9,396,201

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(34,562)	
Bonds payable	<u>(1,180,000)</u>	<u>(1,214,562)</u>
Net position of governmental activities		<u>\$ 8,409,446</u>

See notes to the financial statements

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Major Funds		Total Governmental Funds
	General	Debt Service	
REVENUES			
Assessments	\$ 532,154	\$ 549,510	\$ 1,081,664
Interest and other income	37,100	4,084	41,184
Miscellaneous revenue	28,174	-	28,174
Total revenues	<u>597,428</u>	<u>553,594</u>	<u>1,151,022</u>
EXPENDITURES			
Current:			
General government	114,281	706	114,987
Maintenance and operations	327,905	-	327,905
Debt service:			
Principal	-	565,033	565,033
Interest	-	112,497	112,497
Total expenditures	<u>442,186</u>	<u>678,236</u>	<u>1,120,422</u>
Excess (deficiency) of revenues over (under) expenditures	155,242	(124,642)	30,600
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(274)	274	-
Total other financing sources (uses)	<u>(274)</u>	<u>274</u>	<u>-</u>
Net change in fund balances	154,968	(124,368)	30,600
Fund balances - beginning	<u>(76,219)</u>	<u>273,426</u>	<u>197,207</u>
Fund balances - ending	<u>\$ 78,749</u>	<u>\$ 149,058</u>	<u>\$ 227,807</u>

See notes to the financial statements

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Net change in fund balances - total governmental funds	\$	30,600
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation on capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities.		(310,427)
Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.		566,806
The change in accrued interest on long-term liabilities between the current and prior fiscal years is recorded in the statement of activities, but not in the governmental fund financial statements.		13,357
Change in net position of governmental activities	\$	300,336

See notes to the financial statements

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2019**

	Business-type Activities - Enterprise Funds		
	Golf Course	Irrigation	Total
ASSETS			
Current assets:			
Cash and equivalents	\$ 321,150	\$ 412,874	\$ 734,024
Accounts receivable	1,795	36,700	38,495
Restricted assets:			
Cash	9,961	12,624	22,585
Investments	282,805	-	282,805
Inventories	69,961	-	69,961
Prepays and deposits	49,463	-	49,463
Total current assets	<u>735,135</u>	<u>462,198</u>	<u>1,197,333</u>
Noncurrent assets:			
Capital assets:			
Land and land improvements	3,408,677	-	3,408,677
Infrastructure	-	365,000	365,000
Golf course	4,158,948	-	4,158,948
Buildings and improvements	133,566	-	133,566
Machinery and equipment	769,960	564,895	1,334,855
Less accumulated depreciation	(3,470,491)	(481,530)	(3,952,021)
Total capital assets (net of depreciation)	<u>5,000,660</u>	<u>448,365</u>	<u>5,449,025</u>
Total noncurrent assets	<u>5,000,660</u>	<u>448,365</u>	<u>5,449,025</u>
Total assets	<u>5,735,795</u>	<u>910,563</u>	<u>6,646,358</u>
LIABILITIES			
Current liabilities:			
Accounts payable	152,963	13,656	166,619
Due to other funds	36,428	356	36,784
Payable from restricted assets:			
Accrued bond interest payable	37,042	-	37,042
Bonds payable	105,000	-	105,000
Customer deposits payable	-	12,624	12,624
Capital leases payable	45,441	-	45,441
Note payable	55,388	-	55,388
Total current liabilities	<u>432,262</u>	<u>26,636</u>	<u>458,898</u>
Noncurrent liabilities			
Note payable	244,612	-	244,612
Capital leases payable	702	-	702
Bonds payable	1,165,000	-	1,165,000
Total noncurrent liabilities	<u>1,410,314</u>	<u>-</u>	<u>1,410,314</u>
Total liabilities	<u>1,842,576</u>	<u>26,636</u>	<u>1,869,212</u>
NET POSITION			
Net investment in capital assets	3,684,517	448,365	4,132,882
Restricted for debt service	255,724	-	255,724
Unrestricted	(47,022)	435,562	388,540
Total net position	<u>\$ 3,893,219</u>	<u>\$ 883,927</u>	<u>\$ 4,777,146</u>

See notes to the financial statements

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Business-type Activities - Enterprise Funds		
	Golf Course	Irrigation	Total
Operating revenues:			
Charges for services:			
Golf Course	\$ 2,569,504	\$ -	\$ 2,569,504
Pro Shop	129,416	-	129,416
Concession	91,948	-	91,948
Irrigation	-	208,378	208,378
Total operating revenues	<u>2,790,868</u>	<u>208,378</u>	<u>2,999,246</u>
Operating expenses:			
Golf Course	1,847,673	-	1,847,673
Pro Shop	415,988	-	415,988
Concession	78,154	-	78,154
Irrigation services	-	216,656	216,656
Administrative and other	242,240	27,566	269,806
Depreciation	190,040	31,881	221,921
Total operating expenses	<u>2,774,095</u>	<u>276,103</u>	<u>3,050,198</u>
Operating income (loss)	<u>16,773</u>	<u>(67,725)</u>	<u>(50,952)</u>
Nonoperating revenues (expenses):			
Capital contribution	25,000	-	25,000
Assessments	-	80,291	80,291
Interest income	5,326	138	5,464
Interest expense	(92,458)	-	(92,458)
Note issuance cost	(18,500)	-	(18,500)
Total nonoperating revenues (expenses)	<u>(80,632)</u>	<u>80,429</u>	<u>(203)</u>
Change in net position	(63,859)	12,704	(51,155)
Net position - beginning	<u>3,957,078</u>	<u>871,223</u>	<u>4,828,301</u>
Net position - ending	<u>\$ 3,893,219</u>	<u>\$ 883,927</u>	<u>\$ 4,777,146</u>

See notes to the financial statements

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Golf Course	Irrigation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,789,073	\$ 197,774	\$ 2,986,847
Payments to suppliers of goods and services	(2,616,426)	(233,580)	(2,850,006)
Net cash provided (used) by operating activities	172,647	(35,806)	136,841
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due from/to other funds	48,239	125,251	173,490
Assessments and fees	-	80,291	80,291
Net cash provided (used) by noncapital financing activities	48,239	205,542	253,781
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(73,012)	-	(73,012)
Proceeds from the issuance of long term debt	281,500	-	281,500
Principal paid on bonds and capital lease	(145,730)	-	(145,730)
Interest paid on bonds and capital lease	(95,899)	-	(95,899)
Net cash provided (used) by financing activities	(33,141)	-	(33,141)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	(6,637)	-	(6,637)
Interest earnings	5,326	138	5,464
Net cash provided (used) by investing activities	(1,311)	138	(1,173)
Net increase (decrease) in cash and cash equivalents	186,434	169,874	356,308
Cash and cash equivalents - October 1	144,677	255,624	400,301
Cash and cash equivalents - September 30	\$ 331,111	\$ 425,498	\$ 756,609
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 16,773	\$ (67,725)	\$ (50,952)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	190,040	31,881	221,921
(Increase) decrease in accounts receivables	(1,795)	(10,604)	(12,399)
(Increase) decrease in inventories	(32,015)	-	(32,015)
(Increase) decrease in prepaid items	(4,046)	-	(4,046)
Increase (decrease) in accounts payable	3,690	10,362	14,052
Increase (decrease) in customer deposits	-	280	280
Total adjustments	155,874	31,919	187,793
Net cash provided (used) by operating activities	\$ 172,647	\$ (35,806)	\$ 136,841
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contribution of capital assets	\$ 25,000		\$ 25,000

See notes to the financial statements

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Stoneybrook Community Development District ("District") was created on August 4, 1998 by Ordinance 98-15 of Lee County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by the Board of Supervisors ("Board") which is composed of five members. The Supervisors are elected by qualified electors whose primary residence is within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the 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.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment (operating-type special assessments for maintenance and debt service are treated as charges for services) and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and enterprise fund statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments on certain land and all platted lots within the District. Assessments are levied each November 1 on property of record as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

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. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

The District reports the following major enterprise funds:

Golf Course Fund

This enterprise fund is used to account for the operations of the golf course and related amenities that are to be financed and operated in a manner similar to private business enterprises. The costs of providing services to customers are to be recovered primarily through user charges.

Irrigation Fund

The irrigation fund accounts for the operations of the irrigation lines, which are funded by proceeds from operations of these facilities including user fees, meter fees and connection fees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	15
Golf course	30
Irrigation system	10-30
Buildings and Infrastructure	20-30

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.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position 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.

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. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public 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) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The District's investments were held as follows at September 30, 2019:

	<u>Amortized Cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
First American Government Obligations -Class Y	\$ 431,587	AAAm	24 days
Total Investments	<u>\$ 431,587</u>		

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 2019 were as follows:

Fund	Receivable	Payable
General	\$ 36,784	\$ -
Golf course	-	36,428
Irrigation	-	356
Total	\$ 36,784	\$ 36,784

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances due to the general fund to the golf course and irrigation funds primarily relate to expenses paid by the general that relates to the golf course and irrigation funds.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 7,643,846	\$ -	\$ -	\$ 7,643,846
Total capital assets, not being depreciated	7,643,846	-	-	7,643,846
Capital assets, being depreciated				
Buildings and improvements	1,184,973	-	-	1,184,973
Infrastructure	6,507,332	-	-	6,507,332
Equipment	9,993	-	-	9,993
Total capital assets, being depreciated	7,702,298	-	-	7,702,298
Less accumulated depreciation for:				
Buildings and improvements	1,086,078	59,210	-	1,145,288
Infrastructure	4,551,771	249,790	-	4,801,561
Equipment	1,666	1,428	-	3,094
Total accumulated depreciation	5,639,515	310,428	-	5,949,943
Total capital assets, being depreciated, net	2,062,783	(310,428)	-	1,752,355
Governmental activities capital assets	\$ 9,706,629	\$ (310,428)	\$ -	\$ 9,396,201

NOTE 6 – CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 3,408,677	\$ -	\$ -	\$ 3,408,677
Total capital assets, not being depreciated	3,408,677	-	-	3,408,677
Capital assets, being depreciated				
Golf course	4,142,194	-	-	4,142,194
Buildings and improvements	150,320	-	-	150,320
Golf course equipment	671,948	98,012	-	769,960
Irrigation infrastructure	365,000	-	-	365,000
Irrigation equipment	564,895	-	-	564,895
Total capital assets, being depreciated	5,894,357	98,012	-	5,992,369
Less accumulated depreciation for:				
Golf course	2,625,543	146,387	-	2,771,930
Buildings and improvements	133,684	5,328	-	139,012
Golf course equipment	521,224	38,324	-	559,548
Irrigation infrastructure	223,056	12,167	-	235,223
Irrigation equipment	226,594	19,714	-	246,308
Total accumulated depreciation	3,730,101	221,920	-	3,952,021
Total capital assets, being depreciated, net	2,164,256	(123,908)	-	2,040,348
Business-type activities capital assets	\$ 5,572,933	\$ (123,908)	\$ -	\$ 5,449,025

For governmental activities, depreciation was charged to the maintenance and operations function.

NOTE 7 – LONG TERM LIABILITIES**Series 2008 Capital Improvement Revenue Refunding Bonds**

On May 1, 2008, the District issued \$2,500,000 of Capital Improvement Revenue Refunding Bonds. The Series 2008 Bonds were issued to refund the District Capital Improvement Revenue Bonds, Series 1998A. The Series 2008 Bonds bear interest rates of 4.63%. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2008. Principal is paid serially on May 1, commencing on May 1, 2009 through May 1, 2019. The Bonds were paid off in the current fiscal year.

Series 2014 Special Assessment Revenue Refunding Bonds

On January 23, 2014, the District issued \$2,400,000 of Special Assessment Revenue Refunding Bonds. The Bonds were issued to partially refinance the Series 1998 Golf Course Revenue Bonds. The Series 2014 Bonds bear interest rates of 7%. Interest is paid semiannually on each May 1 and November 1, commencing May 1, 2014. Principal is paid serially on May 1, commencing on May 1, 2014 through May 1, 2023.

The Series 2014 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture as of September 30, 2019.

NOTE 7 – LONG TERM LIABILITIES (Continued)

Series 2014 Golf Course Revenue Refunding Bonds

On January 23, 2014 the District issued \$1,700,000 of Golf Course Revenue Refunding Bonds. The Bonds were issued to partially refinance the Series 1998 Golf Course Revenue Bonds. The Series 2014 bear interest at a fixed interest rate of 7.00%. The Interest is paid serially and commencing May 1, 2014. Principal is paid serially and commences on May 1, 2015 through May 1, 2028.

The Series 2014 Bonds are secured by a pledge of the operating revenues from the District owned golf course and certain related facilities and by amounts on deposit in the funds and accounts, other than the rebate fund. The District covenants that it will impose and collect rates, fees, charges, rentals, and any other like or similar charges for the use of the golf course in accordance with the District's obligation under the Bond Indenture. Payment of principal and interest on the Bonds is dependent on the money available in the golf course operating account and the District's ability to generate revenues from the golf course.

The Series 2014 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. In addition, the Bond Indenture has certain restrictions and requirements relating principally to the procedures to be followed in the collection of pledged revenues and the application of the revenues to the various restricted accounts. The District is in compliance with the requirements at September 30, 2019.

Series 2019 Revenue Note

During the current fiscal year, the District issued Subordinate Golf Course Revenue Note in the amount of \$300,000. The interest rate carry a fixed interest rate of 4%. The Interest is paid semi-annually each February 1 and August 1, commencing February 1, 2020. Principal is paid serially and commences on February 1, 2020 through February 1, 2024.

The Note is secured by: 1) a pledge of a subordinate lien on the net revenue from the operation of the golf course; 2) \$68,000 restricted in the Irrigation Fund, and 3) proceeds of any additional debt issued by the District (with the exception of debt to finance projects necessary for health, safety, or welfare reasons or to remediate a natural disaster).

The Note agreement requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the agreement. In addition, the Bond Indenture has certain restrictions and requirements relating principally to the procedures to be followed in the collection of pledged revenues and the application of the revenues to the various restricted accounts. The District is in compliance with the requirements at September 30, 2019.

Long-term Debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2019 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2008	\$ 316,806	\$ -	\$ 316,806	\$ -	\$ -
Series 2014	1,430,000	-	250,000	1,180,000	265,000
Total	<u>\$ 1,746,806</u>	<u>\$ -</u>	<u>\$ 566,806</u>	<u>\$ 1,180,000</u>	<u>\$ 265,000</u>
<u>Business-type activities</u>					
Bonds payable:					
Series 2014	\$ 1,370,000	\$ -	\$ 100,000	\$ 1,270,000	\$ 105,000
Series 2019 Note payable	-	300,000	-	300,000	55,388
Capital leases	91,873	-	45,730	46,143	45,441
Total	<u>\$ 1,461,873</u>	<u>\$ 300,000</u>	<u>\$ 145,730</u>	<u>\$ 1,616,143</u>	<u>\$ 205,829</u>

NOTE 7 – LONG TERM LIABILITIES (Continued)

Long-term Debt activity (Continued)

At September 30, 2019, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2020	\$ 265,000	\$ 82,950	\$ 347,950
2021	285,000	64,400	349,400
2022	305,000	44,450	349,450
2023	325,000	23,100	348,100
Total	<u>\$ 1,180,000</u>	<u>\$ 214,900</u>	<u>\$ 1,394,900</u>

Year ending September 30:	Business-type Activities		
	Principal	Interest	Total
2020	\$ 160,388	\$ 99,792	\$ 260,180
2021	167,604	90,182	257,786
2022	179,908	80,132	260,040
2023	192,304	69,288	261,592
2025	204,796	57,646	262,442
2025-2028	665,000	120,400	785,400
Total	<u>\$ 1,570,000</u>	<u>\$ 517,440</u>	<u>\$ 2,087,440</u>

NOTE 8 – CAPITAL LEASES

The District entered several leases in prior years. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at present value of its future minimum lease payments as of the inception date.

The assets acquired through capital lease are as follows:

Asset:	Business-type activities
Equipment	\$ 320,887
Less: Accumulated depreciation	(210,565)
	<u>\$ 110,322</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, are as follows:

Year ending September 30:	Capital Leases		
	Principal	Interest	Total
2020	\$ 45,441	\$ 3,655	\$ 49,096
2021	702	3	705
	<u>\$ 46,143</u>	<u>\$ 3,658</u>	<u>\$ 49,801</u>

NOTE 9 – OPERATING LEASES

The District has certain commitments related to various non-cancellable operating leases. The leases all relate to the golf course operations and include various leases for the pro shop, golf carts and various golf course equipment. The minimum lease payments related to these leases is as follows:

<u>Fiscal year ended</u>	<u>Amount</u>
2020	\$ 341,681
2021	289,660
2022	238,735
2023	127,880

NOTE 10 – MANAGEMENT COMPANY

The District has contracted with Wrathell, Hunt and Associates, LLC to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs

NOTE 11 – 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 has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations.

**STONEYBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Original & Final		
REVENUES				
Assessments	\$ 528,953	\$ 531,687	\$ 532,154	\$ 467
Interest and other income	1,000	38,266	37,100	(1,166)
Miscellaneous revenue	27,000	22,500	28,174	5,674
Total revenues	<u>556,953</u>	<u>592,453</u>	<u>597,428</u>	<u>4,975</u>
EXPENDITURES				
Current:				
General government	119,543	125,527	114,281	11,246
Maintenance and operations	342,460	380,628	327,905	52,723
Total expenditures	<u>462,003</u>	<u>506,155</u>	<u>442,186</u>	<u>63,969</u>
Excess (deficiency) of revenues over (under) expenditures	94,950	86,298	155,242	68,944
OTHER FINANCING SOURCES				
Interfund transfers	-	-	(274)	(274)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(274)</u>	<u>(274)</u>
Net change in fund balances	<u>\$ 94,950</u>	<u>\$ 86,298</u>	154,968	<u>\$ 68,670</u>
Fund balance - beginning			<u>(76,219)</u>	
Fund balance - ending			<u>\$ 78,749</u>	

See notes to required supplementary information

**STONEBROOK COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2019 was amended to increase revenues by \$35,500 and increase appropriations by \$44,152. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2019.



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
Stoneybrook Community Development District
Lee 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, the business-type activities and each major fund of Stoneybrook Community Development District, Lee County, Florida ("District") as of and for the fiscal 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 opinion thereon dated June 23, 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 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.

Bear & Associates

June 23, 2020



Grau & Associates
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Stoneybrook Community Development District
Lee County, Florida

We have examined Stoneybrook Community Development District Lee County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2019. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2019.

This report 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, management, and the Board of Supervisors of Stoneybrook Community Development District Lee County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

June 23, 2020



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

To the Board of Supervisors
Stoneybrook Community Development District
Lee County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Stoneybrook Community Development District Lee County, Florida ("District") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 23, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 23, 2020, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Stoneybrook Community Development District Lee County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Stoneybrook Community Development District Lee County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

June 23, 2020

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEARS FINDINGS AND RECOMMENDATIONS

2018-01 Budget

Current Status: Matter has been resolved.

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

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2018, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2019.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2019.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.