

2020

Lakewood Ranch Community Development District 4

Financial Statements and Independent Auditor's Report

September 30, 2020

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**LAKEWOOD RANCH
COMMUNITY DEVELOPMENT DISTRICT 4
LAKEWOOD RANCH, FLORIDA**

SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Lakewood Ranch Community Development District 4
Lakewood Ranch, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Lakewood Ranch Community Development District 4 (the District), as of and for the year ended September 30, 2020, 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.

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Board of Supervisors
Lakewood Ranch Community Development District 4
Lakewood Ranch, Florida

INDEPENDENT AUDITOR'S REPORT

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 major fund, and the aggregate remaining fund information of the District, as of September 30, 2020, 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 (MD&A) and budgetary comparison information, as listed in the table of contents (collectively, the required supplementary 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 February 4, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the 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.



February 4, 2021
Sarasota, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Lakewood Ranch Community Development District 4 (the District), our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes, and required supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The assets of the District exceeded its liabilities at the close of the fiscal year ended September 30, 2020, and resulted in a net position of \$1,730,792.
- The District's total net position increased by \$244,819 for the year.

Fund Financial Statements

- At September 30, 2020, the District's governmental funds reported combined ending fund balances of \$1,867,379, an increase of \$219,287 for the year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's 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 information and required 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 (plus deferred outflows) and liabilities (plus deferred inflows), with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by a private-sector business in that revenues are recognized when earned and expenses are reported when incurred.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the following functions: general government (Town Hall, maintenance facility, and other administration), maintenance and operations, security and special projects.

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. The District has only governmental funds. There are no business-type or fiduciary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two governmental funds for external reporting. 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 the debt service fund. Only the general fund is considered a major fund.

The District adopts annual budgets for each fund. In the required supplementary information section, a budgetary comparison schedule has been provided for the general fund.

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 as of September 30 of each year are reflected in the following table:

	2020	2019
Assets, Excluding Capital Assets	\$ 2,006,795	\$ 1,758,607
Capital Assets, Net of Depreciation	<u>1,512,485</u>	<u>1,578,286</u>
Total Assets	<u>3,519,280</u>	<u>3,336,893</u>
Liabilities, Excluding Long-Term Liabilities	163,488	135,920
Long-Term Liabilities	<u>1,625,000</u>	<u>1,715,000</u>
Total Liabilities	<u>1,788,488</u>	<u>1,850,920</u>
Net Position:		
Net Investment in Capital Assets	(112,515)	(136,714)
Restricted for Debt Service	80,862	82,408
Unrestricted	<u>1,762,445</u>	<u>1,540,279</u>
Total Net Position	<u>\$ 1,730,792</u>	<u>\$ 1,485,973</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

The District's net position reflects its investment in capital assets (e.g., parks, infrastructure, other improvements, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. A negative amount in this category means that the outstanding debt exceeds the book value of related capital assets.

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 year by \$244,819. The increase reflects the extent to which program and general revenues were sufficient to cover the costs of operations, including depreciation.

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

	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 2,427,387	\$ 2,355,205
Operating Grants and Contributions	2,067	46,470
General Revenues	<u>57,330</u>	<u>85,600</u>
Total Revenues	<u>2,486,784</u>	<u>2,487,275</u>
Expenses		
General Government:		
Town Hall	62,647	40,149
Maintenance Facility	63,778	63,777
Other Administration	372,562	334,462
Maintenance and Operations	1,638,733	1,563,553
Security	44,936	43,893
Interest	<u>59,309</u>	<u>62,213</u>
Total Expenses	<u>2,241,965</u>	<u>2,108,047</u>
Change in Net Position	244,819	379,228
Net Position, Beginning of Year	<u>1,485,973</u>	<u>1,106,745</u>
Net Position, End of Year	<u>\$ 1,730,792</u>	<u>\$ 1,485,973</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2020, was \$2,241,965. The costs of the District's activities were primarily funded by program revenues. In the current year, program revenues are including the annual assessments, FEMA reimbursement, and other contributions. Program revenues increased \$27,779 from 2019 to 2020. Expenses increased \$133,918. These changes occurred for a variety of reasons.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal and contractual requirements. The District's general fund includes all activities related to providing management and operating services.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The focus of the District's *governmental funds* is to provide information on *near-term* inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the year.

The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,049,396 and total fund balance was \$1,762,445. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49.8% of total general fund expenditures while the total fund balance represents 83.6% of the same amount.

The debt service fund is collecting adequate revenues to pay scheduled debt service. Restricted investment balances are in compliance with debt covenants.

GENERAL FUND BUDGETARY COMPARISON

An operating budget was adopted and maintained by 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. A budgetary comparison schedule is shown in the required supplementary information section of the report.

Both the original and final budgets required the utilization of carry forward surplus of \$45,000 to balance an appropriation plan in excess of funding sources. The original appropriations budget was \$2,264,010 and there were no budget amendments during the year. Actual results *added* \$222,166 to fund balance. Revenues were \$106,738 better than budget and expenditures were \$156,028 under budget. The favorable variances in both revenues and expenditures occurred for a variety of reasons.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets at September 30, 2020, totaled \$1,512,485 (net of accumulated depreciation). Capital assets include parks, infrastructure, other improvements, and machinery and equipment. Current year additions were \$28,575, and depreciation was \$94,376. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At September 30, 2020, the District had \$1,625,000 in bonds outstanding with a final maturity in 2034. Principal payments during 2020 totaled \$90,000, as scheduled. There were no extraordinary mandatory redemptions. More detailed information about the District's long-term debt is presented in Note 6 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2021 general fund budget uses carry over surplus of \$200,000 and includes a 0.81% decrease in the operations and maintenance assessment rate to balance an appropriation plan in excess of funding sources. A significant item included in the District's operations for FY2021 was the \$155,000 funding for the Greenbrook West sidewalk repairs project.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, 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 Lakewood Ranch Community Development District 4's Finance Department at Town Hall, 8175 Lakewood Ranch Blvd., Lakewood Ranch, Florida 34202.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020
LAKEWOOD RANCH, FLORIDA

	Governmental Activities
Assets	
Cash	\$ 345,970
Investments	1,544,773
Due from Other Governments	8,428
Prepaid Items	2,716
Restricted Assets:	
Investments	104,908
Capital Assets:	
Depreciable Assets, Net	720,527
Non-Depreciable	791,958
Total Assets	3,519,280
Liabilities	
Accounts Payable	41,023
Accrued Expenses	48,393
Due to Other Governments	50,000
Accrued Interest	24,072
Non-Current Liabilities:	
Due Within One Year	90,000
Due in More than One Year	1,535,000
Total Liabilities	1,788,488
Net Position	
Net Investment in Capital Assets	(112,515)
Restricted for Debt Service	80,862
Unrestricted	1,762,445
Total Net Position	\$ 1,730,792

See accompanying notes.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
LAKEWOOD RANCH, FLORIDA

Functions/Programs	Expenses	Program Revenues		Net (Expense), Revenue, and Changes in
		Charges for Services	Operating Grants and Contributions	Net Position
Governmental Activities				
General Government:				
Town Hall	\$ 62,647	\$ 63,581	\$ -	\$ 934
Maintenance Facility	63,778	65,852	-	2,074
Other Administration	372,562	308,822	-	(63,740)
Maintenance and Operations	1,638,733	1,784,810	2,067	148,144
Security	44,936	47,686	-	2,750
Interest on Long-Term Debt	59,309	156,636	-	97,327
Total Governmental Activities	\$ 2,241,965	\$ 2,427,387	\$ 2,067	187,489
General Revenues				
Unrestricted Investment Earnings				26,320
Other Revenues				31,010
Total General Revenues				57,330
Change in Net Position				244,819
Net Position, Beginning of Year				1,485,973
Net Position, End of Year				\$ 1,730,792

See accompanying notes.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020
LAKEWOOD RANCH, FLORIDA

	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service 2014</u>	<u>Governmental Funds</u>
Assets			
Cash	\$ 345,970	\$ -	\$ 345,970
Investments	1,544,773	104,908	1,649,681
Due from Other Funds	-	26	26
Due from Other Governments	8,428	-	8,428
Prepaid Items	2,716	-	2,716
Total Assets	<u>1,901,887</u>	<u>104,934</u>	<u>2,006,821</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	41,023	-	41,023
Accrued Expenses	48,393	-	48,393
Due to Other Funds	26	-	26
Due to Other Governments	50,000	-	50,000
Total Liabilities	<u>139,442</u>	<u>-</u>	<u>139,442</u>
Fund Balances			
Non-Spendable:			
Prepaid Items	2,716	-	2,716
Restricted for:			
Debt Service	-	104,934	104,934
Assigned for:			
Infrastructure	132,000	-	132,000
Special Projects	378,333	-	378,333
Subsequent Year's Expenditures	200,000	-	200,000
Unassigned:			
General Reserve	451,402	-	451,402
Unrestricted	597,994	-	597,994
Total Fund Balances	<u>1,762,445</u>	<u>104,934</u>	<u>1,867,379</u>
Total Liabilities and Fund Balances	<u>\$ 1,901,887</u>	<u>\$ 104,934</u>	<u>\$ 2,006,821</u>

See accompanying notes.

**LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020
LAKEWOOD RANCH, FLORIDA**

Fund Balance - Governmental Funds	\$	1,867,379
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**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 accumulated depreciation.

Capital Assets - Original Cost	\$	5,569,181	
(Accumulated Depreciation)		(4,056,696)	1,512,485

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.

Bonds Payable		(1,625,000)	
Accrued Interest		(24,072)	(1,649,072)

Net Position of Governmental Activities	\$	1,730,792
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See accompanying notes.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
LAKEWOOD RANCH, FLORIDA

	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service 2014</u>	<u>Governmental Funds</u>
Revenues			
Assessments	\$ 2,270,751	\$ 155,555	\$ 2,426,306
Grant Revenues	2,067	-	2,067
Interest	26,320	1,081	27,401
Other Revenues	31,010	-	31,010
Total Revenues	<u>2,330,148</u>	<u>156,636</u>	<u>2,486,784</u>
Expenditures			
Current:			
General Government:			
Town Hall	62,647	-	62,647
Maintenance Facility	63,778	-	63,778
Other Administration	363,689	8,873	372,562
Maintenance and Operations	1,544,357	-	1,544,357
Capital Outlay	28,575	-	28,575
Security	44,936	-	44,936
Debt Service:			
Principal	-	90,000	90,000
Interest	-	60,642	60,642
(Total Expenditures)	<u>(2,107,982)</u>	<u>(159,515)</u>	<u>(2,267,497)</u>
Net Change in Fund Balances	222,166	(2,879)	219,287
Fund Balances, Beginning of Year	<u>1,540,279</u>	<u>107,813</u>	<u>1,648,092</u>
Fund Balances, End of Year	<u>\$ 1,762,445</u>	<u>\$ 104,934</u>	<u>\$ 1,867,379</u>

See accompanying notes.

**LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
LAKEWOOD RANCH, FLORIDA**

Net Change in Fund Balances - Total Governmental Funds	\$	219,287
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**Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because:**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets.		28,575
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Depreciation on capital assets is not recognized in the governmental fund statements, but is reported as an expense in the statement of activities.		(94,376)
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Repayment of long-term liabilities are reported as expenditures in the governmental fund statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.		90,000
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The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities, but not in the fund financial statements.		1,333
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Change in Net Position of Governmental Activities	\$	244,819
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See accompanying notes.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

Note 1 - Nature of Organization and Reporting Entity

Lakewood Ranch Community Development District 4 (the District) is one of five community development districts in the Lakewood Ranch community in the southeast corner of Manatee County, Florida. The District was created on September 26, 2000, pursuant to the *Uniform Community Development District Act of 1980*, as amended (the Act), otherwise known as Chapter 190, Florida Statutes, and by Manatee County Ordinance 00-53. The Act delineates the powers and duties of community development districts, including among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by the Board of Supervisors (the Board), which is composed of five members. The Supervisors are elected on an at-large basis by registered voters within the District. The Board exercises all powers granted to the District pursuant to the Act.

The Board has the final responsibility for:

- Assessing and levying assessments.
- Approving budgets.
- Acquiring, operating, and maintaining systems, facilities, and basic infrastructures.
- Controlling the use of funds generated by the District.
- Financing improvements.

Under applicable governmental accounting, the financial reporting entity consists of:

- a) The primary government (i.e., the District).
- b) Organizations for which the primary government is considered to be financially accountable.
- c) Other organizations for which the nature and significance of their relationship with the primary government are such that, if excluded, the financial statements of the primary government would be considered incomplete or misleading.

These financial statements include only the balances and transactions of the District. There are no component units.

Note 2 - Summary of Significant Accounting Policies

These financial statements are prepared in conformity with U.S. generally accepted accounting principles applicable to governmental entities, as established by the Governmental Accounting Standards Board (GASB). Following is a summary of the significant accounting policies:

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

A. 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 inter-fund activity has been removed from these statements.

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

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Contributions and similar items are 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 available when they are collected 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. Inter-District billings are susceptible to accrual, but assessments and other revenues generally are not. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest are recorded in the period when payment is due.

Fund Accounting

The financial transactions of the District are recorded in individual funds. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. In addition, funds may be considered major for qualitative reasons.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

The District reports the following governmental funds:

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

Debt Service Fund 2014 (Non-Major Fund) —The Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest on long-term debt.

Assessments

Assessments are non-ad valorem assessments on benefited property within the District. The Manatee County Tax Collector bills the assessments each November 1, and collects the assessments on behalf of the District, after receiving a 3% collector's fee. Discounts are available for payments through February. Assessments become delinquent after March 31.

Operating and maintenance assessments are determined annually during the budget process at a public hearing of the District.

Debt service assessments are calculated by the District in conjunction with the issuance of the related debt, but billed and collected annually by the Tax Collector on behalf of the District, after receiving a 3% collector's fee. Property owners may prepay a portion or all of the debt service assessments on their property at a discount, subject to various provisions in the debt instruments.

All assessments are reported as revenue in the year collected. Future receivables on debt service assessments are not accrued. Delinquent receivables are considered insignificant.

C. Financial Statement Balances

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and money market funds with original maturities of three months or less from the date of acquisition. The District also holds assets that are defined as investments. The District's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance of GASB Statement No. 79, which allows under certain criteria, these investments to be recorded at amortized cost.

Cash on the balance sheet and the statement of net position includes cash on hand and demand deposits in qualified public depositories.

The District has adopted a written investment policy, which complies with the requirements of Section 218.415, Florida Statutes. The District may invest any surplus public funds in the following:

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

- 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.

Debt covenants may provide other options for the investment of debt proceeds and related accounts.

The separate funds do not pool their cash or investments. Interest income is reported in the fund where the related cash or investments are reported.

Receivables/Due from Other Governments

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. There are no estimated uncollectible amounts at September 30, 2020.

Prepaid Items

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.

Restricted Assets

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

Capital Assets

Capital assets include parks, infrastructure, other improvements, and machinery and equipment, and are reported as assets in the governmental activities column of the statement of net position.

Capital assets are defined in the District's policy as tangible assets with a cost of at least \$5,000 and an estimated useful life of five years or more. Capital assets are recorded at historical cost, if purchased or constructed, and at estimated fair value if donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major projects are reported as construction in progress until completed and placed in service. Road repaving and resurfacing, and storm drain inlet repairs are expensed as incurred.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	25 to 30
Other Improvements	7 to 25
Machinery and Equipment	7

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.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net 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 (expenditure) until then. In addition to liabilities, the statement of net 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. There were no such items in 2020.

Long-Term Obligations

In the government-wide financial statements, the principal amount outstanding on long-term debt is reported as a liability in the governmental activities column of the statement of net position. The liability is increased by unamortized premiums and reduced by unamortized discounts. Premiums and discounts, if applicable, are amortized over the debt term using the straight-line method.

In the fund financial statements, debt proceeds are reported as other financing sources in the year of issuance, increased or decreased by original issue premiums or discounts, where applicable. Principal and interest are reported as expenditures, when due.

Net Position/Fund Balance

In the government-wide financial statements, equity is referred to as *net position*, and is classified as: a) net investment in capital assets; b) restricted; or c) unrestricted. Restricted net position represents net assets constrained by the District's debt covenants or other contractual requirements.

In the fund financial statements, equity is referred to as fund balance, and is reported according to the following classifications:

- **Non-Spendable**—Amounts that are: a) not in spendable form; or b) legally or contractually required to be maintained intact.
- **Restricted**—Amounts that are constrained for specific purposes either: a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) by law through constitutional provisions or enabling legislation.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

- *Committed*—Amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action (resolution) of the District’s Board. These committed amounts may not be used for any other purpose unless the Board removes or changes the specified use by taking the same type of formal action (resolution) that imposed the constraint originally.
- *Assigned*—Amounts that are constrained by action of the Board, or by an individual or body to whom the Board has delegated this responsibility. The Board has not delegated this responsibility.
- *Unassigned*—This classification is used for: a) negative unrestricted fund balance in any fund; or b) fund balances within the general fund that are not restricted, committed, or assigned for specific purposes.

Flow Assumption—When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted as needed. Within the unrestricted categories when various classifications of fund balances are available for a specific expenditure, the District first uses committed fund balance, followed by assigned, and then unassigned.

Debt Issuance Costs

Debt issuance costs are recorded as expenditures/expenses in the period incurred at both the fund and government-wide levels.

D. 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 amounts reported and disclosed in the accompanying financial statements and notes. Actual results could differ from those estimates.

Note 3 - Budgetary Information

Annual budgets are prepared and adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end.

The District has adopted a budget policy consistent with Florida Statute 190.008. The District follows these procedures in establishing and adopting the budget:

- a) Starting in January of each year, budget proposals are accepted for the upcoming year, and a series of budget workshops are held with District representatives, staff, and the public. The assessment amounts for the upcoming year are proposed.
- b) A budget summary is ready by June, and a formal public hearing is conducted in August to obtain comments.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

- c) The Board adopts the final original budget in August for the fiscal year beginning October 1. The budget is adopted by resolution.
- d) Budget amendments, if any, are approved by the Board during the year.

Neither the statute nor the District's budget policy specifies the legal level of budgetary authority. There were no budget amendments in 2020.

Note 4 - Deposits and Investments

Deposits

The District's bank deposits are held in qualified public depositories (QPDs) pursuant to Chapter 280, Florida Statutes. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

Investments

The District holds assets that are defined as investments. The District's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79.

The District holds investments in a qualified external investment pool that measures all of its investments at amortized cost. The following investments are recorded at amortized cost at September 30, 2020:

	<u>Amortized Cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
First American Government Obligations Fund Class Y	\$ 104,908	AAAm	Weighted Average of the Fund Portfolio: 44 Days
Local Government Surplus Funds Trust Fund (Florida PRIME)	<u>1,544,773</u>	AAAm	Weighted Average of the Fund Portfolio: 48 Days
Total Investments	<u><u>\$ 1,649,681</u></u>		

The First American Government Obligations Fund, Class Y, is an open-end mutual fund investing primarily in short-term U.S. government securities and repurchase agreements secured by U.S. government securities. The fund has a Standard & Poor's rating of AAAm and a weighted average maturity of 44 days at September 30, 2020.

Florida PRIME is a local government investment pool administered by the Florida State Board of Administration (SBA) and managed by professional money managers. Florida PRIME invests exclusively in short-term, high-quality fixed income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating agencies, or securities of comparable quality. The District's investment in this pool is through shares owned in the fund and not the underlying investments. Florida PRIME is considered a stable value investment pool. The account balances approximate fair value, and balances are available for immediate withdrawal. The weighted average maturity of Florida PRIME at September 30, 2020, is 48 days. Florida PRIME has a Standard & Poor's rating of AAAm. The pool was not exposed to foreign currency risk during the year.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

Custodial Credit Risk—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District investments are not evidenced by securities that exist in physical or book entry form. Therefore, the custodial credit risk associated with these investments is minimal.

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, but emphasizes diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District minimizes this risk by structuring the portfolio so that securities mature to meet cash flow requirements for ongoing operations, and thereby avoiding the need to sell securities on the open market prior to maturity.

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended September 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Parks	\$ 791,958	\$ -	\$ -	\$ 791,958
Total Capital Assets Not Being Depreciated	791,958	-	-	791,958
Capital Assets Being Depreciated:				
Infrastructure	1,539,128	-	-	1,539,128
Other Improvements	3,123,614	13,541	-	3,137,155
Machinery and Equipment	85,906	15,034	-	100,940
Total Capital Assets Being Depreciated	4,748,648	28,575	-	4,777,223
Less Accumulated Depreciation for:				
Infrastructure	(948,818)	(61,165)	-	(1,009,983)
Other Improvements	(2,951,701)	(26,726)	-	(2,978,427)
Machinery and Equipment	(61,801)	(6,485)	-	(68,286)
Total Accumulated Depreciation	(3,962,320)	(94,376)	-	(4,056,696)
Total Capital Assets Being Depreciated, Net	786,328	(65,801)	-	720,527
Governmental Activities Capital Assets, Net	\$ 1,578,286	\$ (65,801)	\$ -	\$ 1,512,485

Depreciation expense totaling \$94,376 was allocated to the maintenance and operations function in the statement of activities.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

Note 6 - Long-Term Debt

Series 2014 Bonds – Direct Placement

On December 19, 2014, the District issued direct placements of \$2,085,000 of Special Assessment Revenue Refunding Bonds, Series 2014 (the 2014 Bonds). The proceeds from the issuance of the 2014 Bonds, together with District cash of \$400,738, were used to fully refund the outstanding principal and interest on the 2004 Bonds, fund a debt service reserve and sinking fund, and pay issuance costs (\$129,925). The transaction yielded gross debt service savings of \$501,853 and net present value savings of \$295,673.

The 2014 Bonds bear interest at a fixed rate of 3.478% per annum. Interest is due semiannually on each May 1 and November 1. Scheduled principal amounts are due each May 1 through May 1, 2034.

The 2014 Bonds are subject to early redemption at the option of the District prior to maturity, in whole or in part, on any date at the redemption price of par plus accrued interest to the redemption date. The 2014 Bonds are subject to extraordinary mandatory redemption prior to their scheduled maturity from prepayments of special assessments. A principal payment of \$90,000 was required in 2020.

Pledged Revenues

The District has pledged certain special assessment revenue to pay the principal and interest on special assessment bonds issued to pay for infrastructure improvements. The pledged revenue information is noted as follows:

<u>Description of Debt</u>	<u>Pledged Revenue</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Revenue Pledged Through</u>
Special Assessment Revenue Refunding Bonds, Series 2014	Special Assessments	\$ 155,555	\$ 150,642	100%	\$ 2,087,910	2034

Long-Term Debt Activity

Changes in long-term debt activity for the fiscal year ended September 30, 2020, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable - Direct Placements:					
2014 Bonds	\$ 1,715,000	\$ -	\$ (90,000)	\$ 1,625,000	\$ 90,000
Total Governmental Activities	<u>\$ 1,715,000</u>	<u>\$ -</u>	<u>\$ (90,000)</u>	<u>\$ 1,625,000</u>	<u>\$ 90,000</u>

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

At September 30, 2020, the scheduled debt service requirements on the long-term debt were as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Direct Placements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 90,000	\$ 57,302	\$ 147,302
2022	95,000	54,129	149,129
2023	100,000	50,779	150,779
2024	100,000	47,382	147,382
2025	105,000	43,726	148,726
2026-2030	585,000	160,183	745,183
2031-2034	550,000	49,409	599,409
Total	\$ 1,625,000	\$ 462,910	\$ 2,087,910

Note 7 - Inter-Fund Balances

Inter-fund balances at September 30, 2020, included the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ -	\$ (26)
Debt Service	26	-
Total	\$ 26	\$ (26)

Note 8 - Related-Party Transactions

Related Parties

The District is one of five community development districts in the community of Lakewood Ranch, Florida. The other Districts are Lakewood Ranch Community Development Districts 1, 2, 5, and 6 (including District 4) (the Districts). The Districts are the public entities responsible for providing operation and maintenance of various elements of infrastructure and landscaping within Lakewood Ranch. The Lakewood Ranch Inter-District Authority (the Authority) is a separate public entity created by the Districts, which provides administrative, financial, and operations and maintenance services to the Districts, under terms of an Amended Inter-local Agreement among the parties. A representative from each District sits on the five-member Board of the Authority.

On November 15, 2012, the Districts and Authority entered into an Inter-local Agreement, which replaced prior Inter-local Agreements. The new Inter-local Agreement identified the Authority as the District Manager for the Districts, and clarified the relationship.

Shared Expenses

As District Manager, the Authority provides certain administrative, financial, and operation and maintenance services to the Districts. The costs of these services are borne by the Authority, and then allocated and reimbursed by the Districts on a monthly basis. Total shared expenses for 2020 were \$2,680,000, of which the District's share of \$572,439 is included under "other administration" and "maintenance and operations" in the expenditure section of the financial statements. The District's shared expenses for September 2020, totaling \$50,000, are reported as "due to other governments" at September 30, 2020.

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

Town Hall and Maintenance Facility Lease

The Lakewood Ranch Town Hall (Town Hall) was constructed and financed by District 2 in 2003. In 2013, District 2 issued \$3,250,000 of Special Revenue Improvement and Refunding Notes (the 2012 Notes) to finance the construction of a shared maintenance facility, and to retire the remaining principal balance of the 2003 Notes in the approximate outstanding amount of \$634,000. The portion of the 2012 Notes attributable to Town Hall reached final maturity on May 1, 2018.

The land on which the maintenance facility had been constructed was acquired by the Authority in 2013 for \$126,114 and is being leased to District 2 under terms of a ground lease (the Ground Lease) between the parties dated November 15, 2012. The Ground Lease is for 25 years beginning on the effective date, unless terminated earlier by agreement of the parties. There is no annual lease payment; consideration lies in the mutual promises contained in the Ground Lease.

The lease payments for both Town Hall and the maintenance facility are covered under the terms of an Amended Non-Exclusive Lease Agreement and Operating Agreement dated November 15, 2012, among the Districts and the Authority (the Lease). The original term of the Lease is thirteen years ending on November 15, 2025. The Lease will be extended automatically for additional five-year terms; however, any lessee may give notice at least one year prior to the expiration of its desire not to extend. In accordance with the Lease, the Town Hall facilities had been conveyed from the Lakewood Ranch Community Development District 2 to the Authority within ninety (90) days of the date that all of the financing costs (as re-financed) for the construction of the Town Hall had been satisfied (May 1, 2018).

Rent payments by the Districts to District 2 are equal to their allocable share of District 2's related debt service costs based on equivalent dwelling units (see below). Rents received by District 2 in 2020 totaled \$185,630 for the maintenance facility, of which the District's share was \$63,778.

Monthly "rent" payments are also required by each District to the Authority for their allocable share of the costs (including insurance costs) to operate and maintain the two facilities, as determined in the annual budget of the Authority. Rent received by the Authority in 2020 totaled \$288,260, of which the District's allocable share was \$62,647, which is included under "Town Hall" and "Maintenance Facility" in the expenditure section of the financial statements. The Lakewood Ranch Town Center Owners Association, Inc. (TCOA), the successor entity to CDD 3, shares in this allocation. Total rent to District 2 and the Authority was therefore \$126,425.

The 2020 equivalent dwelling units (EDU) for allocation purposes were as follows:

District 2 Rent Payments			Authority Rent Payments		
	EDU	Percent		EDU	Percent
District 1	1,819	26.75%	District 1	1,819	23.42%
District 2	1,887	27.75%	District 2	1,887	24.30%
District 4	1,688	24.82%	TCOA	967	12.45%
District 5	962	14.15%	District 4	1,688	21.73%
District 6	444	6.53%	District 5	962	12.39%
Totals	6,800	100.00%	District 6	444	5.71%
			Totals	7,767	100.00%

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
NOTES TO THE FINANCIAL STATEMENTS
LAKEWOOD RANCH, FLORIDA

The future debt service requirements on District 2's 2012 Notes (and the District's share based on the 2020 EDU allocation) is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>District 4 24.82%</u>
2021	\$ 225,000	\$ 27,729	\$ 252,729	\$ 62,727
2022	230,000	22,464	252,464	62,662
2023	235,000	17,082	252,082	62,567
2024	245,000	11,583	256,583	63,684
2025	250,000	5,850	255,850	63,502
Total	<u>\$ 1,185,000</u>	<u>\$ 84,708</u>	<u>\$ 1,269,708</u>	<u>\$ 315,142</u>

Contractor Land Lease

Other revenues collected by District 2 under a contractor land lease and paid back to the District totaled \$9,145 for 2020. This amount is included in the other revenues at year-end.

Note 9 - 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. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

Note 10 - COVID-19

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report, causing declines in financial markets and economic activity overall. As of September 30, 2020, the District has not been adversely or significantly impacted. The ultimate impact of this pandemic is unknown and not quantifiable at this time. The District has not recognized any impairment or established any reserves as a result of the COVID-19 pandemic as of the report date.

REQUIRED SUPPLEMENTARY INFORMATION

LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 4
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Assessments	\$ 2,177,410	\$ 2,177,410	\$ 2,270,751	\$ 93,341
Grant Revenues	-	-	2,067	2,067
Interest	23,000	23,000	26,320	3,320
Other Revenues	23,000	23,000	31,010	8,010
Total Revenues	2,223,410	2,223,410	2,330,148	106,738
Expenditures				
Current:				
General Government:				
Town Hall	62,650	62,650	62,647	3
Maintenance Facility	63,880	63,880	63,778	102
Other Administration	300,260	300,260	363,689	(63,429)
Maintenance and Operations	1,734,520	1,734,520	1,544,357	190,163
Capital Outlay	-	-	28,575	(28,575)
Security	45,700	45,700	44,936	764
Reserves	57,000	57,000	-	57,000
(Total Expenditures)	(2,264,010)	(2,264,010)	(2,107,982)	156,028
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(40,600)	(40,600)	222,166	262,766
Other Financing Sources				
Transfer (out)	(4,400)	(4,400)	-	4,400
Carry Forward Surplus:				
Unrestricted	45,000	45,000	-	(45,000)
Total Other Financing Sources (Uses)	40,600	40,600	-	(40,600)
Net Change in Fund Balance	\$ -	\$ -	\$ 222,166	\$ 222,166

OTHER INFORMATION

**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**

Board of Supervisors
Lakewood Ranch Community Development District 4
Lakewood Ranch, 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 major fund, and the aggregate remaining fund information of the Lakewood Ranch Community Development District 4 (the District), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 4, 2021.

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) as a basis for designing 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.

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Board of Supervisors
Lakewood Ranch Community Development District 4
Lakewood Ranch, Florida

**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**

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, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance 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.



February 4, 2021
Sarasota, Florida

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Board of Supervisors
Lakewood Ranch Community Development District 4
Lakewood Ranch, Florida

We have examined the Lakewood Ranch Community Development District 4's (the District) compliance with Section 218.415, *Florida Statutes*, during the fiscal year ended September 30, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, 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 during the fiscal year ended September 30, 2020.

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



February 4, 2021
Sarasota, Florida

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MANAGEMENT LETTER

Board of Supervisors
Lakewood Ranch Community Development District 4
Lakewood Ranch, Florida

Report on the Financial Statements

We have audited the financial statements of the Lakewood Ranch Community Development District 4 (the District), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 4, 2021.

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 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 Accountant's Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated February 4, 2021, 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 significant findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial 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. See Note 1 of the District's financial statements, for this information. There are no component units related to the District.

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Board of Supervisors
Lakewood Ranch Community Development District 4
Lakewood Ranch, Florida

MANAGEMENT LETTER

Financial Condition and Management

Sections 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 communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Board of Supervisors of the District, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



February 4, 2021
Sarasota, Florida