

Lakewood Ranch Stewardship District

AUDITED FINANCIAL STATEMENTS

September 30, 2020



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REPORT



INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Lakewood Ranch Stewardship District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Lakewood Ranch Stewardship District ("District"), as of and for the year then 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 District'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 District'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lakewood Ranch Stewardship 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.

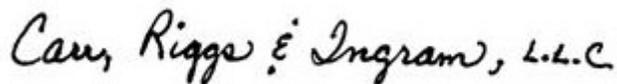
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and page 23 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 April 30, 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Carr, Riggs, & Ingram, LLC

Bradenton, Florida
April 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the Lakewood Ranch Stewardship District ("District") for the fiscal year ended September 30, 2020.

Financial Highlights and Analysis of Financial Statements

- As of September 30, 2020 **and 2019**, the total assets of the District were \$425,362,343, and \$346,951,594, respectively, an increase of \$78,410,749. The primary factor for the change was the approximate increase in capitalized assets of \$63.7 million less approximately \$15.3 million in depreciation charges.
- As of September 30, 2020 **and 2019**, the total liabilities of the District were \$403,670,879 and \$344,086,100, respectively, an increase of \$59,584,779. The primary factor for the change was the approximate \$83.8 million of debt from new bond issues less approximately \$29.2 million in bond principal repayments.
- In the government-wide financial statements (accrual basis), the District's assets exceeded liabilities by \$21,691,464 and \$2,865,494 as of September 30, 2020 **and 2019**, respectively.
- In the governmental funds (modified accrual basis), the District's fund balance totaled \$80,377,539 and \$72,105,277 as of September 30, 2020 **and 2019**, respectively. The primary factor for both of these variances was the change in assets and liabilities as discussed above.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 of the District's assets and liabilities, with the difference between the two 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 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.

The District's governmental activities include general government, physical environment, and interest on long-term debt.

The government-wide financial statements can be found on pages 8 and 9 of this report.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District’s funds are governmental funds.

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 government’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 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 three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 to 12 of this report.

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. The notes to the financial statements can be found on pages 13 through 25 of this report.

Government-Wide Financial Analysis

Statement of Net Position	2020	2019
Current and other assets	\$ 90,808,069	\$ 75,915,289
Capital assets	334,554,274	271,036,305
Total assets	\$ 425,362,343	\$ 346,951,594
Current liabilities	\$ 51,586,530	\$ 10,654,012
Long-term liabilities	352,084,349	333,432,088
Total liabilities	\$ 403,670,879	\$ 344,086,100
Net investment in capital assets	\$ (1,928,274)	\$ 6,435,858
Restricted	33,395,326	-
Unrestricted	(9,775,588)	(3,570,364)
Total net position	\$ 21,691,464	\$ 2,865,494

Current and other assets increased by \$14,892,780 primarily due to investments held as a result of bond proceeds less capital outlay for Azario, Country Club East, and Lorraine infrastructure projects.

The primary changes in the capital assets increase of approximately \$63.5 million were the completion of Lakewood National & Polo Run infrastructure improvements, and the infrastructure improvements on the Villages of Lakewood Ranch South, Lakewood Centre Northwest, Del Webb, Northeast Sector, and Lakewood Centre South projects of approximately \$78.8 million less approximately \$15.0 million of depreciation expense. The continued issuance of new bonds by the District is due to the continuing opening up of new residential development areas within the District with the bond proceeds being disbursed for master infrastructure in the appropriate assessment areas

Total liabilities increased by approximately \$59.5 million, due primarily to new bonds issued, Azario, Country Club East, Lorraine, and Lakewood Centre Northwest.

Statement of Activities	2020	2019
Program revenues		
Charges for services	\$ 22,719,542	\$ 14,541,174
Operating grants and contributions	33,326,616	13,655,803
General revenues		
Investment income	699,928	886,452
Non advalorem assessments	4,649,534	2,970,621
Total revenues	61,395,620	32,054,050
Expenses		
General government	856,343	608,845
Physical environment	21,842,310	17,597,998
Interest on long-term debt	19,870,997	17,029,536
Total expenses	42,569,650	35,236,379
Changes in net position	18,825,970	(3,182,329)
Net position - beginning	2,865,494	6,047,823
Net position - ending	\$ 21,691,464	\$ 2,865,494

Charges for services consist of lot sale proceeds and operating grants and contributions consists of Developer cash funding contributions. Charges for services increased by \$8,178,368, primarily due increased land sales. Physical environment increased by \$4,244,312 due to costs associated with new projects.

Capital Assets

During the year ended September 30, 2020, the District had a gross increase of infrastructure approximately \$63.5 million. Primary capital projects continuing were Villages of Lakewood Ranch South and Northeast Sector projects. Additional information on the District's capital assets can be found in Note 4 of this report.

Debt Administration

During the year ended September 30, 2020, the District issued six new bonds for various projects netting to \$83.8 million. Approximately \$29.2 million was made in repayments of amounts due on the various issues of the District. Additional information on the District's long-term debt can be found in Notes 5 and 6 of this report.

Budgetary Highlights

The District set its annual budget for the District expecting to be operational for the entire year. Landowner funding came in lower than anticipated by \$1,358,764 and Assessment funding came in higher than anticipated by \$136,657. The variance of the budgeted expenditures compared with actual results was \$1,219,220 lower than anticipated. The reason for this variance is timing of completed infrastructure projects where needed landscape and related maintenance started later than budgeted. There were no budget amendments during the year.

Economic Factors and Year 2021 Budget

The District is anticipating increased interest in the various developments and projects currently underway. Next year's budget main components will be maintenance of the project areas, administration of the District, and continued infrastructure acquisition and improvements on capital projects begun in 2017, 2018, 2019, and 2020.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lakewood Ranch Stewardship District, Attn: Supervisor, 14400 Covenant Way, Bradenton, Florida 34202.



BASIC FINANCIAL STATEMENTS



Lakewood Ranch Stewardship District Statement of Net Position

<i>September 30,</i>	2020
	Governmental Activities
Assets	
Current Assets:	
Cash and cash equivalents	\$ 317,661
Total current assets	317,661
Other Assets:	
Cash and cash equivalents - restricted	90,097,146
Accrued interest receivable	75,740
Other receivables	62,387
Due from land owner	255,135
Total other assets	90,490,408
Capital Assets:	
Depreciable assets:	
District infrastructure	401,203,068
Less accumulated depreciation	(90,877,747)
Net depreciable assets	310,325,321
Non-depreciable assets:	
Construction in progress	24,228,953
Total capital assets	334,554,274
Total assets	425,362,343
Liabilities	
Current Liabilities:	
Accounts payable	10,430,530
Bonds payable, current portion	41,156,000
Total current liabilities	51,586,530
Non-current Liabilities:	
Bonds payable, long-term portion	352,084,349
Total non-current liabilities	352,084,349
Total liabilities	403,670,879
Net Position	
Net investment in capital assets	(1,928,274)
Restricted for debt service	33,395,326
Unrestricted	(9,775,588)
Total net position	\$ 21,691,464

The notes to the financial statements are an integral part of this statement

Lakewood Ranch Stewardship District Statement of Activities

For the year ended September 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 856,343	\$ 22,719,542	\$ 33,326,616	\$ -	\$ 55,189,815
Physical environment	21,842,310	-	-	-	(21,842,310)
Interest on long-term debt	19,870,997	-	-	-	(19,870,997)
Total governmental activities	\$ 42,569,650	\$ 22,719,542	\$ 33,326,616	\$ -	13,476,508
General revenues:					
Non advalorem assessments					4,649,534
Investment income					699,928
Total general revenues					5,349,462
Change in net position					18,825,970
Net position - beginning					2,865,494
Net position - ending					\$ 21,691,464

The notes to the financial statements are an integral part of this statement

Lakewood Ranch Stewardship District

Balance Sheet – Governmental Funds and Reconciliation of the Balance Sheet to the Statement of Net Position

September 30, 2020

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
Assets				
Cash and cash equivalents	\$ 317,661	\$ -	\$ -	\$ 317,661
Cash and cash equivalents - restricted	-	33,339,345	56,757,801	90,097,146
Accounts Receivable	75,740	-	-	75,740
Other receivables	6,406	55,981	-	62,387
Due from land owner	255,135	-	-	255,135
Total assets	\$ 654,942	\$ 33,395,326	\$ 56,757,801	\$ 90,808,069
Liabilities				
Accounts payable	\$ 637,165	\$ -	\$ 9,793,365	\$ 10,430,530
Total liabilities	637,165	-	9,793,365	10,430,530
Fund Balances				
Restricted	-	33,395,326	46,964,436	80,359,762
Unassigned	17,777	-	-	17,777
Total fund balances	17,777	33,395,326	46,964,436	80,377,539
Total liabilities and fund balances	\$ 654,942	\$ 33,395,326	\$ 56,757,801	\$ 90,808,069
Amounts reported for governmental activities in the statement of net position are different because:				
Fund balance - governmental funds				\$ 80,377,539
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds				334,554,274
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.				
Bonds payable, net				(393,240,349)
Net position - governmental activities				\$ 21,691,464

The notes to the financial statements are an integral part of this statement

Lakewood Ranch Stewardship District Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the year ended September 30, 2020

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
Revenues				
Land owner funding contributions	\$ 1,702,293	\$ -	\$ 31,624,323	\$ 33,326,616
Assessments	4,649,534	-	-	4,649,534
Investment income	-	408,985	290,943	699,928
Homeowner debt service payments	-	22,715,592	-	22,715,592
Other revenues	3,950	-	-	3,950
Total revenues	6,355,777	23,124,577	31,915,266	61,395,620
Expenditures				
Current:				
General government	856,343	-	-	856,343
Physical environment:				
Operations	5,499,371	-	-	5,499,371
Debt service:				
Bond principal payments	-	29,294,000	-	29,294,000
Bond interest payments	-	18,983,088	-	18,983,088
Cost of issuance	-	-	638,553	638,553
Capital outlay	-	-	78,874,692	78,874,692
Total expenditures	6,355,714	48,277,088	79,513,245	134,146,047
Other Financial Sources (Uses)				
Transfers in	-	30,935,601	-	30,935,601
Transfers out	-	-	(30,935,601)	(30,935,601)
Repayments on advances from related parties	-	-	(1,232,314)	(1,232,314)
Discount on bonds	-	-	(1,604,997)	(1,604,997)
Debt and loan proceeds	-	-	83,860,000	83,860,000
Total other financing sources (uses)	-	30,935,601	50,087,088	81,022,689
 Net change in fund balances	 63	 5,783,090	 2,489,109	 8,272,262
Fund balances - beginning	17,714	27,612,236	44,475,327	72,105,277
Fund balances - ending	\$ 17,777	\$ 33,395,326	\$ 46,964,436	\$ 80,377,539

The notes to the financial statements are an integral part of this statement

Lakewood Ranch Stewardship District Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds to the Statement of Activities

For the year ended September 30,

2020

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

Net change in fund balances - total governmental funds	\$ 8,272,262
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 (\$78,874,692). The total reflects depreciation expense for the current period (\$15,356,723).	63,517,969
The issuance of debt is reported as an other financing source, however, in the statement of net position these are treated as liabilities	(82,008,905)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	29,294,000
Amortization on discount of bonds	(249,356)
Change in net position of governmental activities	\$ 18,825,970

The notes to the financial statements are an integral part of this statement

Lakewood Ranch Stewardship District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting principles and policies used in the preparation of these basic financial statements.

REPORTING ENTITY

Lakewood Ranch Stewardship District is a local unit special purpose government created on June 17, 2005 under the "Lakewood Ranch Stewardship District Act," otherwise known as Chapter 2005-338, Florida Statutes. 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 ("Board") which is composed of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 2005-338, amended by Chapter 2009-263, Florida Statutes. The District encompasses 23,255 acres of land located in Manatee County and Sarasota County, Florida.

The Board has the final responsibility for contracting for the services of consultants; borrowing money; adopting and enforcing rules and orders pursuant to the provisions of Chapter 120; holding, controlling and acquiring by donation, purchase or condemnation or dispose of any public easements; lease as lessor or assess to or from any person, firm, corporation, association or body; borrow money and issue bonds, certificates, warrants, notes, or other evidence of indebtedness; raise, by user charges or fees authorized by resolution of the board, amounts of money necessary for the conduct of District activities; assess and impose ad valorem taxes; determine, order, levy, impose, collect, and enforce maintenance taxes.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 34, and Statement 39, an amendment of GASB Statement 34. 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 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.

Lakewood Ranch Stewardship District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the non-fiduciary activities of the primary government.

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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government 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.

The government 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 general obligation debt.

Lakewood Ranch Stewardship District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund

The Capital Projects fund is used to account for the cost of construction of the infrastructure of the District.

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, then unrestricted resources, as they are needed.

Restricted Assets

These assets represent cash and cash equivalents set aside pursuant to bond covenants or other contractual restrictions.

Cash and Cash Equivalents

All deposits are placed in a bank that qualifies as a public depository, as required by law (Florida Security for Public Deposits Act). Accordingly, all deposits are insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes. The District considers investments with original maturities less than 3 months to be cash equivalents.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Pursuant to GASB 34, the District elected to report infrastructure prospectively. Construction in progress is not depreciated. Major outlays for capital assets and improvements are capitalized as projects are constructed. District infrastructure is being depreciated over twenty years.

Long-Term Obligations

In the government-wide financial statements long-term debt are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lakewood Ranch Stewardship District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

Governmental funds report fund balances are classified either as nonspendable, or as spendable. Spendable fund balances are further classified based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that are constrained for specific purposes imposed by formal action of the highest level of decision making authority. The highest level of authority is the Board of Supervisors. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes those constraints by taking the same type of action.

Assigned Fund Balance – Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Supervisors or (b) a body or official to which the Board of Supervisors has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Represents the residual fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned.

The District considers restricted funds to be used first when an expenditure is incurred and both restricted and unrestricted funds are available, followed by committed, assigned, and then unassigned as applicable.

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 expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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 all governmental funds except the capital projects fund, which adopts a project-length budget.

Lakewood Ranch Stewardship District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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 taxpayer 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) Unused appropriations for annually budgeted funds lapse at the end of the year.
- f) The legal level of budgetary control is the fund level.

Reclassifications

The District has reclassified certain prior-period amounts to conform to the current-period presentation.

Note 2: CASH AND CASH EQUIVALENTS

The District's cash balances are 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.

The District has not formally adopted a written investment policy. According to Florida Statutes 218.415(17) the District is authorized to invest in the following:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in §163.01.
- (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, as defined in §280.02.
- (d) Direct obligations of the U.S. Treasury.

The securities listed in (c) and (d) above must be invested such as to provide sufficient liquidity to pay obligations as they come due.

As of September 30, 2020, the District has the following balances in cash equivalents:

<u>Money market accounts</u>	<u>\$ 90,097,146</u>
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Lakewood Ranch Stewardship District Notes to Financial Statements

Note 3: 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. These risks are covered by commercial insurance from independent third parties. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the District's insurance coverage for each of the past three fiscal years.

Note 4: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Construction in Progress				
Public Roads	\$ 16,481,394	\$ 17,873,384	\$ 25,488,562	\$ 8,866,216
Signals / Intersections	252,706	518,681	992,687	(221,300)
Bridges Tunnels	1,377,252	841,306	1,390,337	828,221
Lighting	2,908,723	2,635,790	3,648,350	1,896,163
Drainage	11,748,101	18,374,188	29,251,997	870,292
Irrigation	3,323,089	2,132,309	4,663,991	791,407
Other Utilities	2,890,069	1,069,101	2,974,461	984,709
Landscaping	2,076,272	5,118,915	5,551,401	1,643,786
Hardscape	93,723	2,630,643	2,105,007	619,359
Sanitary Sewer	3,092,659	7,131,362	8,995,667	1,228,354
Potable Water	6,100,947	5,148,870	10,465,142	784,675
Earthwork, Clearing & Fill	7,523,001	9,135,326	14,064,606	2,593,721
Engineering & Surveying	7,303,548	5,214,012	10,990,925	1,526,635
Mitigation/Littoral Plantings	295,444	88,537	208,366	175,615
Permit Fees & Bonding	302,352	303,686	796,345	(190,307)
Other Infrastructure	1,717,534	658,583	544,709	1,831,408
Total Construction in Progress	67,486,814	78,874,693	122,132,553	24,228,955
Capital Assets, being depreciated:				
District infrastructure	279,070,514	122,132,554	-	401,203,068
Total depreciable assets	279,070,514	122,132,554	-	401,203,068
Less accumulated depreciation for:				
District infrastructure	75,521,024	15,356,723	-	90,877,747
Total Capital Assets, being depreciated net	203,549,490	106,775,831	-	310,325,321
Total Capital Assets, net	\$ 271,036,304	\$ 228,908,385	\$ -	\$ 334,554,276

Depreciation expense was \$15,356,723 for the fiscal year ended September 30, 2020, reported under the Physical environment function in the statement of activities.

Lakewood Ranch Stewardship District Notes to Financial Statements

Note 5: LINE OF CREDIT

On September 8, 2017, the District entered into a Non-Bank Qualified Tax Exempt Revolving Line of Credit not to exceed \$45,000,000, with an interest rate of 4.0%. The line of credit was entered to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Northeast Sector, as well the set-up of a debt service reserve fund and to pay cost of issuance. On August 30, 2018, the line was amended to a maximum \$33,000,000 credit available and an interest rate of 4.25%. The line expires on September 8, 2022 and as of September 30, 2020, the balance on the line was \$0.

Note 6: LONG TERM DEBT

Unamortized discounts on governmental activities revenue bonds amounted to \$8,150,651 and \$6,545,930 as of September 30, 2020 and 2019, respectively.

	10/1/19	Additions	Decreases	9/30/20	Due within 1 year
2006 Country Club East Bonds	\$ 19,900,000	\$ -	\$ 19,900,000	\$ -	\$ -
2010 Central Park Series A Bonds	2,805,000	-	65,000	2,740,000	75,000
2011 Lakewood Ctr NW Sector Bonds	31,690,000	-	745,000	30,945,000	30,945,000
2011 Belle Isle Series A Bonds	1,540,000	-	85,000	1,455,000	45,000
2013 Country Club East Series A Bonds	7,745,000	-	135,000	7,610,000	170,000
2013 Central Park Series A Bonds	6,585,000	-	135,000	6,450,000	140,000
2014 Country Club East Series A Bonds	11,185,000	-	220,000	10,965,000	230,000
2015 Lakewood Ctr North Bonds	33,690,000	-	2,410,000	31,280,000	810,000
2016 The Villages of LWR South Bonds	67,840,000	-	1,395,000	66,445,000	1,810,000
2017 Del Webb Bonds	14,250,000	-	255,000	13,995,000	285,000
2017 Lakewood National & Polo Run Bonds	47,940,000	-	815,000	47,125,000	870,000
2017 Lake Club Bonds	12,425,000	-	1,134,000	11,291,000	861,000
2018 Northeast Sector Bonds - Phase 1A	14,925,000	-	250,000	14,675,000	260,000
2019 Lakewood Centre South & NW Sector	11,635,000	-	565,000	11,070,000	180,000
2018 NE Sector, Phase 1B	36,185,000	-	575,000	35,610,000	600,000
2019 The Isles at LWR	7,580,000	-	130,000	7,450,000	135,000
2019 Lake Club Phase 4	9,125,000	-	305,000	8,820,000	505,000
2019 Cresswind Project	5,005,000	-	85,000	4,920,000	90,000
2019 Indigo Expansion Area	4,775,000	-	90,000	4,685,000	95,000
NE Sect PH2A 2019	-	5,585,000	-	5,585,000	110,000
Azario 2019	-	12,670,000	-	12,670,000	235,000
CCE 2020	-	19,195,000	-	19,195,000	830,000
LWCNWS 2020	-	29,100,000	-	29,100,000	1,165,000
Azario 2020	-	6,655,000	-	6,655,000	130,000
Lorraine Series 2020	-	10,655,000	-	10,655,000	580,000
Bonds payable	\$ 346,825,000	\$ 83,860,000	\$ 29,294,000	\$ 401,391,000	\$ 41,156,000
Less unamortized discounts	(6,545,916)	(1,854,091)	(249,356)	(8,150,651)	-
Bonds payable, less unamortized discounts	\$ 340,279,084	\$ 82,005,909	\$ 29,044,644	\$ 393,240,349	\$ 41,156,000

On June 19, 2006, the District issued \$27,215,000 of Special Assessment Revenue Bonds, Series 2006, due on May 1, 2037, with a fixed interest rate of 5.40%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Country Club East Project, as well as set up a debt service reserve fund and to pay costs of issuance.

Lakewood Ranch Stewardship District Notes to Financial Statements

Note 6: LONG TERM DEBT (Continued)

On July 12, 2010, the District issued \$5,720,000 of Special Assessment Revenue Bonds, Series 2010A, due on May 1, 2040, with a fixed interest rate of 7.40%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Central Park Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On May 13, 2011, the District issued \$36,255,000 of Special Assessment Revenue Bonds, Series 2011, due on May 1, 2040, with interest rates ranging from 7.40% to 8.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lakewood Centre & NW Sector Projects, as well as set up a debt service reserve fund and to pay costs of issuance.

On May 13, 2011, the District issued \$1,765,000 of Special Assessment Revenue Bonds, Series 2011A, due on May 1, 2040, with a fixed interest rate of 8.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Belle Isle Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On August 5, 2013, the District issued \$8,500,000 of Special Assessment Revenue Bonds, Series 2013A, due on May 1, 2043, with two fixed interest rates of 6.70% and 7.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Country Club East Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On August 5, 2013, the District issued \$7,535,000 of Special Assessment Revenue Bonds, Series 2013, due on May 1, 2043, with interest rates ranging from 6.10% to 6.40%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Central Park Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On October 14, 2014, the District issued \$12,145,000 of Special Assessment Revenue Bonds, Series 2014, due of May 1, 2044, with interest rates ranging from 5.35% to 5.60%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Country Club East Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On February 9, 2015, the District issued \$37,360,000 of Special Assessment Revenue Bonds, Series 2015, due of May 1, 2045, with interest rates ranging from 4.25% to 4.875%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Lakewood Centre North Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On February 8, 2016, the District issued \$79,505,000 of Special Assessment Revenue Bonds, Series 2016, due of May 1, 2046, with interest rates ranging from 4.00% to 5.125%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Villages of Lakewood Ranch South Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

Lakewood Ranch Stewardship District Notes to Financial Statements

Note 6: LONG TERM DEBT (Continued)

On May 8, 2017, the District issued \$14,805,000 of Special Assessment Revenue Bonds, Series 2017, due as of May 1, 2047, with interest rates ranging from 3.65% to 5.125%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Del Webb Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On February 21, 2017, the District issued \$49,480,000 of Special Assessment Revenue Bonds, Series 2017, due of May 1, 2047, with interest rates ranging from 4.00% to 5.375%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Lakewood National and Polo Run Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On September 29, 2017, the District issued \$14,548,000 of Special Assessment Revenue Refunding Bonds, Series 2017, due as of May 1, 2036 with a fixed interest rate of 4.00%. The bonds were issued to refund and redeem all of the outstanding principal amount of the District's Special Assessment Revenue Bonds, 2006 Series A (Lake Club Project), pay certain costs associated with the issuance of the 2017 Bond, make a deposit into the 2017 Reserve Account, and pay interest first coming due on the 2017 Bond.

On August 30, 2018, the District issued \$14,925,000 of Special Assessment Revenue Bonds, Series 2018, due as of May 1, 2048 with interest rates ranging from 3.90% to 5.10%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the NE Sector Project Phase 1A, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On December 10, 2018, the District issued \$11,790,000 of Special Assessment Revenue Bonds, Series 2018, due on May 1, 2048, with interest rates ranging from 4.55% to 5.65%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lakewood Centre & NW Sector Projects, as well as set up a debt service reserve fund and to pay costs of issuance.

On December 10, 2018, the District issued \$36,185,000 of Special Assessment Revenue Bonds, Series 2018, due on May 1, 2048, with interest rates ranging from 4.35% to 5.45%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Northeast Sector Project – Phase 1B, as well as set up a debt service reserve fund and to pay costs of issuance.

On April 8, 2019, the District issued \$7,580,000 of Special Assessment Revenue Bonds, Series 2019, due on May 1, 2049, with interest rates ranging from 3.50% to 4.875%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as The Isles at Lakewood Ranch Project – Phase 1, as well as set up a debt service reserve fund and to pay costs of issuance.

On May 20, 2019, the District issued \$9,125,000 of Special Assessment Revenue Bonds, Series 2019, due on May 1, 2049, with interest rates ranging from 3.60% to 4.50%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lake Club Phase 4 Project, as well as set up a debt service reserve fund and to pay costs of issuance.

Lakewood Ranch Stewardship District Notes to Financial Statements

Note 6: LONG TERM DEBT (Continued)

On May 20, 2019, the District issued \$5,005,000 of Special Assessment Revenue Bonds, Series 2019, due on May 1, 2049, with interest rates ranging from 3.60% to 4.50%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Cresswind Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On September 9, 2019, the District issued \$4,775,000 of Special Assessment Revenue Bonds, Series 2019, due on May 1, 2049, with interest rates ranging from 2.90% to 4.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Indigo Expansion Area Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On October 18, 2019, the District issued \$5,585,000 of Special Assessment Revenue Bonds, Series 2019, due on May 1, 2049, with interest rates ranging from 3.00% to 4.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Northeast Sector Project Phase 2, as well as set up a debt service reserve fund and to pay costs of issuance.

On November 22, 2019, the District issued \$12,670,000 of Special Assessment Revenue Bonds, Series 2019, due on May 1, 2050, with interest rates ranging from 3.125% to 4.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Azario Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On June 24, 2020, the District issued \$19,195,000 of Special Assessment Revenue Refunding Bonds, Series 2020, due on May 1, 2037, with interest rates ranging from 2.00% to 5.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Country Club East Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On August 21, 2020, the District issued \$29,100,000 of Special Assessment Revenue Bonds, Series 2020, due on May 1, 2040, with interest rates ranging from 0.941% to 2.401%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lakewood Centre & Northwest Sector Expansion Area Projects, as well as set up a debt service reserve fund and to pay costs of issuance.

On September 3, 2020, the District issued \$6,655,000 of Special Assessment Revenue Bonds, Series 2020, due on May 1, 2050, with interest rates ranging from 2.625% to 3.90%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Azario Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On September 18, 2020, the District issued \$10,655,000 of Special Assessment Revenue Bonds, Series 2020, due on May 1, 2051, with interest rates ranging from 2.50% to 3.875%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lorraine Lakes Project, as well as set up a debt service reserve fund and to pay costs of issuance.

The District has unspent bond proceeds of \$49,858,993 consisting of unspent construction funds and unspent debt service reserves and debt service capitalized interest.



REQUIRED SUPPLEMENTARY INFORMATION



Lakewood Ranch Stewardship District Budgetary Comparison Schedule – General Fund

For the year ended September 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Landowner funding	\$ 3,061,057	\$ 1,702,293	\$ (1,358,764)
Assessments	4,512,877	4,649,534	136,657
Miscellaneous	1,000	3,950	2,950
Total revenues	7,574,934	6,355,777	(1,219,157)
Expenditures			
Current:			
General government	811,388	856,343	(44,955)
Physical environment:			
Operations	6,763,546	5,499,371	1,264,175
Total expenditures	7,574,934	6,355,714	1,219,220
NET CHANGE IN FUND BALANCES	-	63	63
FUND BALANCES - BEGINNING OF YEAR	17,714	17,714	-
FUND BALANCES - END OF YEAR	\$ 17,714	\$ 17,777	\$ 63

OTHER NON-FINANCIAL INFORMATION

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

Board of Supervisors
Lakewood Ranch Stewardship District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lakewood Ranch Stewardship District, ("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 April 30, 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 auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Carr, Riggs, & Ingram, LLC

Bradenton, Florida
April 30, 2021

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH FLORIDA
STATUTES 218.415 – INVESTMENT OF PUBLIC FUNDS**

Board of Supervisors
Lakewood Ranch Stewardship District

We have examined the Lakewood Ranch Stewardship District (“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 with the specified requirements based on our examination.

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

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

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

Carr, Riggs, & Ingram, LLC

Bradenton, Florida
April 30, 2021

MANAGEMENT LETTER

Board of Supervisors
Lakewood Ranch Stewardship District

Report on the Financial Statements

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

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant'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 April 30, 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 findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

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

Purpose of this Letter

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

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

Carr, Riggs, & Ingram, LLC

Bradenton, Florida

April 30, 2021