Babcock Ranch Community Independent Special District FINANCIAL STATEMENTS

September 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors

Babcock Ranch Community Independent Special District
Charlotte County, Florida

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

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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Babcock Ranch Community Independent Special District (hereinafter referred to as "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the Florida Single Audit Act and is also not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other

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

CARR, RIGGS & INGRAM, LLC

Cau, Rigge & Ingram, L.L.C.

Miramar Beach, Florida June 13, 2022

Management's Discussion And Analysis	

Our discussion and analysis of the Babcock Ranch Community Independent Special District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the District's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- At September 30, 2021, the assets of the District exceeded its liabilities by approximately \$12.1 million within the governmental activities.
- During the fiscal year ended September 30, 2021, the District issued Special Assessment Revenue Bonds, Series 2021 totaling \$21,870,000, to finance the Series 2021 Project.
- During the fiscal year ended September 30, 2021, the District incurred approximately \$2.4 million and \$542,000 of interest and cost of issuance expenditures, respectively, repaid \$685,000 of outstanding long-term principal and incurred approximately \$7.2 million of capital outlay expenditures related to work in progress on the infrastructure project.
- During the fiscal year ended September 30, 2021, the District repaid the Developer approximately \$2.3 million of excess contributions related to certain construction projects funded by developer contributions and bond proceeds.
- During the fiscal year ended September 30, 2021, the District incurred costs of approximately \$1.7 million related to a state-funded grant agreement with the state of Florida, Division of Emergency Management, to construct a regional emergency shelter.
- At September 30, 2021, the liabilities and deferred inflows of resources of the District exceed its assets by approximately \$8.4 million (deficit) within the business-type activities.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 11-12 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 6. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the Districts' net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities Most of the District's services are reported here, including general
 administration, operations and maintenance. Owner assessments finance most of these
 activities.
- Business-type activities The District charges a fee to members and other users to help cover
 the costs associated with the operations of the water, sewer and irrigation utilities, and solid
 waste disposal.

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 7. The fund financial statements begin on page 13 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

Governmental funds – Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Proprietary funds – When the District charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund, a type of proprietary fund, is the same as the business-type activities we report in the government wide statements but provides more detail and additional information, such as cash flows.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year (in thousands).

	Governmental Activities		Busine: Activ	ss-type vities	Total Primary Government		
September 30,	2021	2020	2021	2020	2021	2020	
Assets							
Current and other assets	\$38,871	\$23,281	\$ 1,201	\$ 1,112	\$40,072	\$24,393	
Construction in progress	57,121	49,962	-	-	57,121	49,962	
Total assets	\$95,992	\$73,243	\$ 1,201	\$ 1,112	\$97,193	\$74,355	
Liabilities							
Current liabilities	\$ 5,029	\$ 3,061	\$ 9,486	\$ 6,162	\$14,515	\$ 9,223	
Other liabilities	78,849	57,126	-	-	78,849	57,126	
Total liabilities	83,878	60,187	9,486	6,162	93,364	66,349	
Deferred inflows of resources							
Deferred inflows of resources	-	-	102	454	102	454	
Net position							
Net investment in capital assets	12,335	13,743	-	-	12,335	13,743	
Restricted for:							
Debt service	297	774	-	-	297	774	
Unrestricted	(518)	(1,461)	(8,387)	(5,504)	(8,905)	(6,965)	
Total net position (deficit)	12,114	13,056	(8,387)	(5,504)	3,727	7,552	
Total liabilities, deferred inflows of							
resources and net position	\$95,992	\$73,243	\$ 1,201	\$ 1,112	\$97,193	\$74,355	

For more detailed information, see the accompanying Statement of Net Position.

During the fiscal year ended September 30, 2021, total assets and liabilities increased by approximately \$22.8 million and \$27 million, respectively, over the prior fiscal year. The increase in assets and liabilities is primarily due to the issuance of the Series 2021 Bonds and the continued infrastructure construction during the fiscal year.

The following schedule compares the Statement of Activities for the current and previous fiscal year (in thousands).

,	Governmental Activities		Busine: Activ		Total Primary Government		
For the year ended September 30,	2021	2020	2021	2020	2021	2020	
Revenue:							
Program revenue:							
Charges for services	\$ 3,649	\$ 3,354	\$ 8,382	\$ 5,553	\$12,031	\$ 8,907	
Grants and contributions	4,539	6,016	-	-	4,539	6,016	
General revenue:							
Cost sharing and other revenues	393	362	-	-	393	362	
Total revenue	8,581	9,732	8,382	5,553	16,963	15,285	
Expenses:							
General government	1,085	981	-	-	1,085	981	
Maintenance and operations	2,501	2,010	-	-	2,501	2,010	
Utilities	-	-	10,728	7,066	10,728	7,066	
Solid waste	-	-	537	372	537	372	
Bond issue costs	541	489	-	-	541	489	
Developer repayment	2,330	-	-	-	2,330	-	
Interest	3,066	1,778	-	-	3,066	1,778	
Total expenses	9,523	5,258	11,265	7,438	20,788	12,696	
Change in net position	(942)	4,474	(2,883)	(1,885)	(3,825)	2,589	
Net position (deficit), beginning	13,056	8,582	(5,504)	(3,619)	7,552	4,963	
Net position (deficit), ending	\$12,114	\$13,056	\$(8,387)	\$(5,504)	\$ 3,727	\$ 7,552	

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

Revenue and expenses increased by approximately \$1.7 million and \$8.1 million, respectively. The increase in revenue and expenses is primarily due to the increased business-type operations of the District and the repayment of excess developer contributions in the current year. The overall result was an approximately \$3.8 million decrease in net position for fiscal year 2021.

THE DISTRICT'S FUNDS

Governmental Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of approximately \$33.5 million, which is an increase over last year's balance of approximately \$20.2 million. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2021, the District issued Special Assessment Revenue Bonds, Series 2021 totaling \$21,870,000, to finance the Series 2021 Project.
- During the fiscal year ended September 30, 2021, the District incurred approximately \$2.4 million and \$542,000 of interest and cost of issuance expenditures, respectively, repaid \$685,000 of outstanding long-term principal and incurred approximately \$7.2 million of capital outlay expenditures related to work in progress on the infrastructure project.
- During the fiscal year ended September 30, 2021, the District repaid the Developer approximately \$2.3 million of excess contributions related to certain construction projects funded by developer contributions and bond proceeds.
- During the fiscal year ended September 30, 2021, the District incurred costs of approximately \$1.7 million related to a state-funded grant agreement with the state of Florida, Division of Emergency Management, to construct a regional emergency shelter.

The overall increase in fund balance for the year ended September 30, 2021 totaled \$13,336,197.

Proprietary Fund

The District's proprietary fund provides the same type of information found in the business-type activities column of the government-wide financial statements, but in more detail. Significant transactions are discussed below.

• During the year ended September 30, 2021, the District incurred approximately \$10.7 million and \$536,000 of water, sewer and irrigation utilities and solid waste expenditures, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2021, the District had approximately \$57.1 million invested in capital assets not being depreciated. This amount represents a net increase of approximately \$7.2 million over the fiscal year 2020 total. A listing of capital assets by major category for the current and prior year follows (in thousands).

		Governmental Activities			ss-type vities	•	Total Primary Government		
September 30,	2021	2020	202	1	202	0	2021	2020	
Capital assets not being									
depreciated	\$57,121	\$49,962	\$	-	\$	-	\$57,121	\$49,962	

More information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At September 30, 2021, the District had approximately \$77.3 million bonds outstanding. This amount represents a net increase of approximately \$21.2 million over the fiscal year 2020 total. A listing of debt amount outstanding for the current and prior year is as follows (in thousands):

	Governmental Activities				ss-type vities	Total Primary Government		
September 30,	2021	2020	2021		2020	2021	2020	
Series 2015	\$ 18,505	\$ 18,885	\$	_	\$ -	\$ 18,505	\$ 18,885	
Series 2018	2,005	2,040		-	-	2,005	2,040	
Series 2018 Assessment Area 2B	3,680	3,740		-	-	3,680	3,740	
Series 2018 Assessment Area 3A	12,025	12,025		-	-	12,025	12,025	
Series 2018 Assessment Area 4	3,150	3,220		-	-	3,150	3,220	
Series 2020 Assessment Area 2C	5,145	5,145		-	-	5,145	5,145	
Series 2020 Assessment Area 3A	8,405	8,545		-	-	8,405	8,545	
Series 2020 Assessment Area 3B	2,545	2,545		-	-	2,545	2,545	
Series 2021	21,870	-		-		21,870		
	\$ 77,330	\$ 56,145	\$	-	\$ -	\$ 77,330	\$ 56,145	

More information about the District's long-term debt is presented in Note 5 to the financial statements.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 34.

The District experienced an unfavorable variance of \$105,578 in revenue and a favorable variance of \$107,291 in expenditures as compared to the budget. The variance in revenue resulted primarily from the District needing less developer contributions than budgeted to fund the deficit in the current year. The variance in expenditures is primarily due to anticipated maintenance expenditures that were not incurred during fiscal year 2021.

FUTURE FINANCIAL FACTORS

Babcock Ranch Community Independent Special District is an independent special district that operates under the provisions of Chapter 189, Florida Statutes, pursuant to Chapter 2007-306 Babcock Ranch Community Independent Special District Act. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2022 were established to provide for the operations of the District as well as the necessary debt service requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Babcock Ranch Community Independent Special District's management company, Wrathell, Hunt & Associates, LLC, at 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431.



Babcock Ranch Community Independent Special District Statement of Net Position

September 30, **2021**

	Governmental Activities	Business-type Activities	Total
Assets	/tetraties	7 toti Vicios	
Cash and cash equivalents	\$ 2,182,198	\$ 814,915	\$ 2,997,113
Investments	34,311,228	· -	34,311,228
Accounts receivable	85,654	382,450	468,104
Due from Developer	1,759,838	-	1,759,838
Due from other government	532,830	-	532,830
Internal balances	(3,924)	3,924	-
Prepaid expenses	2,651	-	2,651
Deposits	990	-	990
Capital assets:			
Not being depreciated	57,120,766	-	57,120,766
Total assets	95,992,231	1,201,289	97,193,520
Liabilities			
Accounts payable	1,300,363	17,337	1,317,700
Accrued interest payable	1,296,484		1,296,484
Accrued contracts payable	2,239,797	_	2,239,797
Lease payable	-,,	9,186,045	9,186,045
Retainage payable	120,577	-	120,577
Deposits payable	-	282,236	282,236
Due to other government	71,920	· -	71,920
Non-current liabilities:			
Developer advances	1,200,000	-	1,200,000
Bonds payable - due within one year	855,000	-	855,000
Bonds payable - due in more than one year	76,794,197	-	76,794,197
Total liabilities	83,878,338	9,485,618	93,363,956
Deferred inflow of resources			
Deferred revenue	-	102,267	102,267
Total deferred inflow of resources	-	102,267	102,267
Net position			
Net investment in capital assets	12,334,905	-	12,334,905
Restricted for:			
Debt service	297,292	-	297,292
Unrestricted	(518,304)	(8,386,596)	(8,904,900)
Total net position (deficit)	\$ 12,113,893	\$ (8,386,596)	\$ 3,727,297

Babcock Ranch Community Independent Special District Statement of Activities

For the year ended S	September 30,
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			Program Revenue					•	nse) Revenue s in Net Positio		
			(Operating		Capital					
		Charges for		Frants and	G	Grants and	Go	overnmental	Ві	usiness-type	
Functions/Programs	Expenses	Services	Со	ntributions	Co	ntributions		Activities		Activities	Total
Primary government:											
Governmental activities:											
General government	\$ (1,084,722)	\$ 361,304	\$	674,026	\$	-	\$	(49,392)	\$	-	\$ (49,392)
Maintenance and operations	(2,501,084)	833,073		1,554,126		2,252,302		2,138,417		-	2,138,417
Cost of issuance	(541,526)	-		-		-		(541,526)		-	(541,526)
Developer repayment	(2,329,891)	-		-		-		(2,329,891)		-	(2,329,891)
Interest	(3,066,062)	2,454,300		57,917		1,015		(552,830)		-	(552,830)
Total governmental activities	(9,523,285)	3,648,677		2,286,069		2,253,317		(1,335,222)		-	(1,335,222)
Business-type activities:											
Utilities	(10,728,096)	8,043,972		-		-		-		(2,684,124)	(2,684,124)
Solid waste	(536,179)	338,011		-		-		-		(198,168)	(198,168)
Total business-type activities	(11,264,275)	8,381,983		-		-		-		(2,882,292)	(2,882,292)
Total primary government	\$ (20,787,560)	\$ 12,030,660	\$	2,286,069	\$	2,253,317		(1,335,222)		(2,882,292)	(4,217,514)
	General revenue	es									
	Cost sharing a	nd other reven	ues					393,068		-	393,068
	Total general revenues							393,068		-	393,068
	Change in net position							(942,154)		(2,882,292)	(3,824,446)
	Net position (de	ficit) - beginnir	ng of	year				13,056,047		(5,504,304)	7,551,743
	Net position (deficit) - end of year						\$	12,113,893	\$	(8,386,596)	\$ 3,727,297

Babcock Ranch Community Independent Special District Balance Sheet – Governmental Funds

September 30,	2021									
								Total		
		_	_			Capital	G	overnmental		
-		General	D	ebt Service		Projects		Funds		
Assets										
Cash and cash equivalents	\$	86,438	\$	2,095,760	Ş	-	\$	2,182,198		
Investments		-		4,179,732		30,131,496		34,311,228		
Accounts receivable		40,167		25,487		-		65,654		
Due from Developer		747,015		458,589		554,234		1,759,838		
Due from other entity		-		20,000		532,830		552,830		
Deposits		990		-		-		990		
Prepaid expenditures		2,651		-		-		2,651		
Due from other funds		-		1,042		-		1,042		
Total assets	\$	877,261	\$	6,780,610	\$	31,218,560	\$	38,876,431		
Liabilities, Deferred Inflows of										
Resources and Fund Balances										
Liabilities										
Accounts payable	\$	348,090	\$	-	\$	952,273	\$	1,300,363		
Retainage payable		-		-		120,577		120,577		
Contracts payable		-		-		2,239,797		2,239,797		
Developer advance		200,000		-		-		200,000		
Due to other governments		71,920		-		-		71,920		
Due to proprietary funds		4,966		-		-		4,966		
Total liabilities		624,976		=		3,312,647		3,937,623		
Deferred inflows of resources										
Deferred revenue		252,285		227,739		945,626		1,425,650		
Total deferred inflows of resources		252,285		227,739		945,626		1,425,650		
Fund balance										
Nonspendable		3,641		_		_		3,641		
Restricted for debt service		-		6,552,871		_		6,552,871		
Restricted for capital projects		-		-		26,960,287		26,960,287		
Unassigned		(3,641)		-		-,		(3,641)		
Total fund balance (deficit)		-		6,552,871		26,960,287		33,513,158		
Total liabilities, deferred inflows of										
resources and fund balance	\$	877,261	\$	6,780,610	\$	31,218,560	\$	38,876,431		

Babcock Ranch Community Independent Special District Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30,	2021
Total fund balances, governmental funds	\$ 33,513,158
Capital assets and deposits on capital improvements used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(79,945,681)
Revenue reported in the Statement of Activities that was not collected within 90 days of the current year-end was deferred in the fund financial statements.	1,425,650
Total net position - governmental activities	\$ 12,113,893

Babcock Ranch Community Independent Special District Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds

For the year ended September 30,	2021

For the year ended september 50,				UZI				
				Total				
					Capital		Governmental	
	General	D	ebt Service		Projects		Funds	
Revenue								
Assessments	\$ 1,194,377	\$	2,454,300	\$	-	\$	3,648,677	
Developer contributions	2,008,657		-		761,168		2,769,825	
Grant revenue	-		-		717,276		717,276	
Cost sharing and other revenues	384,485		-		-		384,485	
Interest	-		308		1,015		1,323	
Prepayment revenue	-		57,609		-		57,609	
Total revenue	3,587,519		2,512,217		1,479,459		7,579,195	
Expenditures								
Current:								
General government	1,084,722		-		-		1,084,722	
Maintenance and operations	2,501,084		-		-		2,501,084	
Debt service:								
Bond issue costs	-		541,526		-		541,526	
Developer repayment	-		-		2,329,891		2,329,891	
Principal	-		685,000		-		685,000	
Interest	-		2,352,480		-		2,352,480	
Capital outlay	-		-		7,154,079		7,154,079	
Total expenditures	3,585,806		3,579,006		9,483,970		16,648,782	
Excess (deficit) of revenue over								
expenditures	1,713		(1,066,789)		(8,004,511)		(9,069,587)	
Other Financing Sources (Uses)								
Debt proceeds	-		1,263,276		20,606,724		21,870,000	
Original issue premium	-		535,784		-		535,784	
Interfund transfers-in	-		-		1,713		1,713	
Interfund transfers-out	(1,713)		-		<u> </u>		(1,713	
Total other financing sources (uses)	(1,713)		1,799,060		20,608,437		22,405,784	
Net change in fund balances	-		732,271		12,603,926		13,336,197	
Fund balance, beginning of year	-		5,820,600		14,356,361		20,176,961	
Fund balance, end of year	\$ -	\$	6,552,871	\$	26,960,287	\$	33,513,158	

Babcock Ranch Community Independent Special District Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30,	2021
Net change in fund balances - governmental funds	\$ 13,336,197
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Position.	7,154,079
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.	685,000
Amortization of original issue discounts and premiums is not recognized in the governmental fund statements but is reported as an expense in the Statement of Activities.	(2,856)
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	(710,726)
Bond proceeds and original issue premium which are reported as other financing sources in the governmental funds are recognized as long-term liabilities in the Statement of Net Assets.	(22,405,784)
Certain revenue recognized in the prior year government wide financial statements that were received during the current year and recognized as revenue in the current year governmental fund financial statements.	(195,975)
Certain revenue that do not represent current financial resources are deferred on the fund level financial statements but are recognized as revenue in the government-wide Statement of Activities.	1,197,911
Change in net position of governmental activities	\$ (942,154)

Babcock Ranch Community Independent Special District Statement of Net Position – Proprietary Fund

September 30, **2021**

september 50,	Enterprise Funds					
		Utilities		lid Waste		Total
Assets						
Cash and cash equivalents	\$	814,475	\$	440	\$	814,915
Accounts receivable		360,877		21,573		382,450
Due from other enterprise funds		-		12,462		12,462
Due from governmental funds		3,669		255		3,924
Total assets		1,179,021		34,730		1,213,751
Liabilities						
Liabilities						
Accounts payable		13,948		3,389		17,337
Lease payable		8,421,757		764,288		9,186,045
Deposits payable		282,236		-		282,236
Due to other enterprise funds		12,462		-		12,462
Total liabilities		8,730,403		767,677		9,498,080
Deferred inflows of resources						
Deferred revenue		102,267		-		102,267
Total deferred inflows of resources		102,267		-		102,267
Net Position						
Unrestricted		(7,653,649)		(732,947)		(8,386,596)
Total net position (deficit)	\$	(7,653,649)	\$	(732,947)	\$	(8,386,596)

Babcock Ranch Community Independent Special District Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund

For the year ended September 30, 2021

	Enterprise Funds					
		Utilities	So	olid Waste		Total
Revenue						_
Charges for services:						
Water, sewer and irrigation utilities	\$	8,043,972	\$	-	\$	8,043,972
Solid waste		-		338,011		338,011
Total revenue		8,043,972		338,011		8,381,983
Operating expenses						
Administrative and other		207,631		23,509		231,140
Water, sewer and irrigation utilities		10,520,465		-		10,520,465
Solid waste		-		512,670		512,670
Total operating expenses		10,728,096		536,179		11,264,275
Operating income (loss)		(2,684,124)		(198,168)		(2,882,292)
Net position (deficit), beginning of year		(4,969,525)		(534,779)		(5,504,304)
Net position (deficit), end of year	\$	(7,653,649)	\$	(732,947)	\$	(8,386,596)

Babcock Ranch Community Independent Special District Statement of Cash Flows – Proprietary Fund

For the year ended September 30,

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	Enterprise Fund					
	Utilities		Solid Waste			Total
Cash flows from operating activities						
Receipts from customers	\$	7,830,577	\$	330,704	\$	8,161,281
Receipts from internal services provided		140,982		289		141,271
Payments to suppliers		(7,681,475)		(343,084)		(8,024,559)
						_
Net cash provided (used) by operating activities		290,084		(12,091)		277,993
						_
Net increase in cash and cash equivalents		290,084		(12,091)		277,993
Cash and cash equivalents, beginning of year		524,391		12,531		536,922
						<u> </u>
Cash and cash equivalents, end of year	\$	814,475	\$	440	\$	814,915

(continued)

Babcock Ranch Community Independent Special District Statement of Cash Flows – Proprietary Fund (Continued)

For the year ended September 30,

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	Enterprise Fund					
		Utilities Solid Waste			Total	
Reconciliation of operating income (loss) to net opposite (used) by operating activities:	cash					
Operating income (loss)	\$	(2,684,124)	\$	(198,168)	\$	(2,882,292)
Change in operating assets and liabilities:				, ,		
Accounts receivable		206,401		(13,926)		192,475
Due from other enterprise funds		-		(6,612)		(6,612)
Due from governmental funds		(3,669)		(255)		(3,924)
Accounts payable		10,481		3,379		13,860
Lease payable		3,033,197		203,491		3,236,688
Deposits payable		73,428		-		73,428
Due to other enterprise funds		6,612		-		6,612
Deferred revenue		(352,242)		-		(352,242)
Net cash provided (used) by operating activities	\$	290,084	\$	(12,091)	\$	277,993

NOTE 1: NATURE OF ORGANIZATION

The Babcock Ranch Community Independent Special District (the "District") was established on June 27, 2007 pursuant to Chapter 189, Florida Statutes, by Ch. 2007-306, Laws of Florida. The District has among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and the power to levy ad valorem taxes and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by a Board of Supervisors ("Board"), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. Certain supervisors are affiliated with the Developer of the District, Babcock Property Holdings, LLC. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 189, Florida Statutes.

The Board has the final responsibility for:

- 1. Assessing and levying assessments.
- 2. Approving budgets.
- 3. Exercising control over facilities and properties.
- 4. Controlling the use of funds generated by the District.
- 5. Approving the hiring and firing of key personnel.
- 6. Financing improvements.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The business-type activities are reported separately in government-wide financial 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. Other items not properly included as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments along with operation and maintenance assessments, are non-ad valorem special assessments imposed on all lands located within the District and benefited by the District's activities, operation and maintenance. Assessments are levied and certified for collection by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

Assessments, Developer contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

<u>General Fund</u> – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

<u>Debt Service Fund</u> – The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

<u>Capital Projects Fund</u> – The Capital Projects Fund accounts for the financial resources to be used in the acquisition or construction of major infrastructure within the District financed with the bonds previously issued or other means.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

Proprietary funds include the following enterprise fund type:

<u>Utilities Fund</u> – The Utilities Fund is used to account for the operations that provide water, sewer and irrigation utilities within the District.

<u>Solid Waste Fund</u> – The Solid Waste Fund is used to account for the operations that provide solid waste utilities within 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 District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3).

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others direct obligations of the U.S Treasury; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Receivables

The water and sewer receivables are shown net of an allowance for uncollectible accounts. Since management considers all receivables to be collectible at September 30, 2021, no allowance has been established at this time.

Capital Assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar assets), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual costs of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs and estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. When completed and placed in service, property, plant and equipment of the primary government will be depreciated using the straight-line method over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows: infrastructure: 30 years.

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item at September 30, 2021.

In addition to liabilities, the accompanying Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2021, the District has reported deferred revenue as a deferred inflow of resources. Deferred revenue in the governmental funds represents amounts to fund fiscal year 2021 expenditures, but not collected within 90 days of year-end. Deferred revenue in the business-type activities represents prepaid tap fees.

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net assets related to infrastructure and property, plant and equipment net of any related debt. Restricted net position represents the net position restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. All budget changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 3: INVESTMENTS

All investments held at September 30, 2021 consist of money market funds in which shares are owned in the fund rather than the underlying investments. In accordance with GASB 72, Fair Value Measurement and Application, these amounts are reported at amortized cost.

The following is a summary of the District's investments:

September 30,	2021	Credit Risk	Average Maturities
Short-term Money Market Funds	\$ 34,311,228	S&P AAAm	14 days

Custodial credit risk – For an investment, custodial credit risk is the risk that 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 has no formal policy for custodial risk. At September 30, 2021, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

NOTE 3: INVESTMENTS (Continued)

Concentration risk – The District's investment policy requires diversification, but does not specify limits on types of investments.

Interest rate risk – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2021:

	Beginning Balance Additions		Transfers and Conveyances	Ending Balance
Governmental Activities:				
Capital assets not being depreciated				
Infrastructure in progress	\$ 49,962,237	\$ 7,158,529	\$ -	\$ 57,120,766
Total capital assets, not being depreciated	49,962,237	7,158,529	-	57,120,766
Governmental activities capital assets, net	\$ 49,962,237	\$ 7,158,529	\$ -	\$ 57,120,766

The total projected cost of the infrastructure has been estimated at approximately \$77.5 million, of which approximately \$16.8 million was financed from the Series 2015 Bonds. During the fiscal year ended September 30, 2018, the District issued the Series 2018 Bonds totaling \$2,075,000 to finance assessment area 2A of the construction project. In December 2018, the District issued additional Series 2018 Bonds totaling \$18,985,000 to finance assessment areas 2B, 3A and 4 of the construction project. In September 2020, the District issued Series 2020 Bonds totaling \$16,235,000 to finance assessment areas 2C, 3A, and 3B of the construction project. In June 2021, the District issued Series 2021 Bonds totaling \$21,870,000 to finance a portion of the Series 2021 Assessment Area construction project (see Note 5).

NOTE 5: BONDS PAYABLE

On December 17, 2015, the District issued \$19,955,000 of Special Assessment Bonds, Series 2015 consisting of \$1,685,000 Term Bonds due on November 1, 2021 with a fixed interest rate of 4.40%, \$2,100,000 Term Bonds due on November 1, 2026 with a fixed interest rate of 4.875%, \$2,655,000 Term Bonds due on November 1, 2036 with a fixed interest rate of 5%, and \$13,515,000 Term Bond due on November 1, 2046 with a fixed interest rate of 5.25%. The Bonds were issued to finance the construction project. Interest is to be paid semiannually on each May 1 and November 1, commencing May 1, 2016. Principal is to be paid annually on each November 1, commencing November 1, 2017. The Series 2015 Bonds are subject to redemption at the option of the District prior to their maturity.

NOTE 5: BONDS PAYABLE (Continued)

In April 2018, the District issued \$2,075,000 of Special Assessment Bonds, Series 2018 consisting of \$400,000 Term Bonds due on November 1, 2028 with a fixed interest rate of 4.5% and \$1,675,000 Term Bonds due on November 1, 2048 with a fixed interest rate of 5%. The Bonds were issued to finance assessment area 2A of the construction project. Interest is to be paid semiannually on each May 1 and November 1, commencing May 1, 2018. Principal is to be paid annually on each November 1, commencing November 1, 2019. The Series 2018 Bonds are subject to redemption at the option of the District prior to their maturity.

In December 2018, the District issued \$3,740,000 of Special Assessment Bonds, Series 2018 consisting of \$330,000 Term Bonds due on November 1, 2024 with a fixed interest rate of 4%, \$400,000 Term Bonds due on November 1, 2029 with a fixed interest rate of 4.5%, \$1,140,000 Term Bonds due on November 1, 2039 with a fixed interest rate of 5%, and \$1,870,000 Term Bonds due on November 1, 2049 with a fixed interest rate of 5%. The Bonds were issued to finance assessment area 2B of the construction project. Interest is to be paid semiannually on each May 1 and November 1, commencing May 1, 2019. Principal is to be paid annually on each November 1, commencing November 1, 2020. The Series 2018 Bonds are subject to redemption at the option of the District prior to their maturity.

In December 2018, the District issued \$12,025,000 of Special Assessment Bonds, Series 2018 consisting of \$590,000 Term Bonds due on November 1, 2024 with a fixed interest rate of 4%, \$1,165,000 Term Bonds due on November 1, 2029 with a fixed interest rate of 4.5%, \$3,340,000 Term Bonds due on November 1, 2039 with a fixed interest rate of 5%, \$5,470,000 Term Bonds due on November 1, 2049 with a fixed interest rate of 5.125%, and \$1,460,000 Term Bonds due on November 1, 2051 with a fixed interest rate of 5.125%. The Bonds were issued to finance assessment area 3A of the construction project. Interest is to be paid semiannually on each May 1 and November 1, commencing May 1, 2019. Principal is to be paid annually on each November 1, commencing November 1, 2022. The Series 2018 Bonds are subject to redemption at the option of the District prior to their maturity.

In December 2018, the District issued \$3,220,000 of Special Assessment Bonds, Series 2018 consisting of \$280,000 Term Bonds due on November 1, 2024 with a fixed interest rate of 4%, \$345,000 Term Bonds due on November 1, 2029 with a fixed interest rate of 4.5%, \$980,000 Term Bonds due on November 1, 2039 with a fixed interest rate of 5%, and \$1,615,000 Term Bonds due on November 1, 2049 with a fixed interest rate of 5.125%. The Bonds were issued to finance assessment area 4 of the construction project. Interest is to be paid semiannually on each May 1 and November 1, commencing May 1, 2019. Principal is to be paid annually on each November 1, commencing November 1, 2020. The Series 2018 Bonds are subject to redemption at the option of the District prior to their maturity.

In September 2020, the District issued \$5,145,000 of Special Assessment Bonds, Series 2020 consisting of \$410,000 Term Bonds due on May 1, 2025 with a fixed interest rate of 2.5%, \$585,000 Term Bonds due on May 1, 2030 with a fixed interest rate of 3%, \$1,550,000 Term Bonds due on May 1, 2040 with a fixed interest rate of 4%, and \$2,600,000 Term Bonds due on May 1, 2051 with a fixed interest rate of 4%. The Bonds were issued to finance assessment area 2C of the construction project. Interest is to be paid semiannually on each May 1 and November 1, commencing May 1, 2021. Principal is to be paid annually on each November 1, commencing May 1, 2022. The Series 2020 Bonds are subject to redemption at the option of the District prior to their maturity.

NOTE 5: BONDS PAYABLE (Continued)

In September 2020, the District issued \$8,545,000 of Special Assessment Bonds, Series 2020 consisting of \$850,000 Term Bonds due on May 1, 2025 with a fixed interest rate of 2.5%, \$1,015,000 Term Bonds due on May 1, 2030 with a fixed interest rate of 3%, \$2,680,000 Term Bonds due on May 1, 2040 with a fixed interest rate of 4%, and \$4,000,000 Term Bonds due on May 1, 2050 with a fixed interest rate of 4%. The Bonds were issued to finance assessment area 3A of the construction project. Interest is to be paid semiannually on each May 1 and November 1, commencing May 1, 2021. Principal is to be paid annually on each November 1, commencing May 1, 2021. The Series 2020 Bonds are subject to redemption at the option of the District prior to their maturity.

In September 2020, the District issued \$2,545,000 of Special Assessment Bonds, Series 2020 consisting of \$205,000 Term Bonds due on May 1, 2025 with a fixed interest rate of 2.5%, \$290,000 Term Bonds due on May 1, 2030 with a fixed interest rate of 3%, \$770,000 Term Bonds due on May 1, 2040 with a fixed interest rate of 4%, and \$1,280,000 Term Bonds due on May 1, 2051 with a fixed interest rate of 4%. The Bonds were issued to finance assessment area 3B of the construction project. Interest is to be paid semiannually on each May 1 and November 1, commencing May 1, 2021. Principal is to be paid annually on each May 1, commencing May 1, 2022. The Series 2020 Bonds are subject to redemption at the option of the District prior to their maturity.

In June 2021, the District issued \$21,870,000 of Special Assessment Bonds, Series 2021 consisting of \$1,865,000 Term Bonds due on May 1, 2026 with a fixed interest rate of 2.375%, \$2,625,000 Term Bonds due on May 1, 2031 with a fixed interest rate of 2.875%, \$6,645,000 Term Bonds due on May 1, 2041 with a fixed interest rate of 3.2%, and \$10,735,000 Term Bonds due on May 1, 2052 with a fixed interest rate of 4%. The Bonds were issued to finance the Series 2021 assessment area construction project. Interest is to be paid semiannually on each May 1 and November 1, commencing November 1, 2021. Principal is to be paid annually on each November 1, commencing May 1, 2023. The Series 2021 Bonds are subject to redemption at the option of the District prior to their maturity.

The Bond Indentures have established debt service reserve requirements as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with those requirements of the Bond Indentures at September 30, 2021.

The balance of the long-term bonds at September 30, 2021 is summarized as follows:

September 30,	2021
Bond principal balance Less unamortized bond discounts	\$ 77,330,000 (503,576)
Add unamortized bond premiums	822,773
Net balance, Series 2015, 2018, 2020 and 2021	\$ 77,649,197

NOTE 5: BONDS PAYABLE (Continued)

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning	Due Within			
	Balance	Additions	Reductions	Ending Balance	One Year
Governmental Activities					
Bonds Payable:					
Series 2015	\$ 18,885,000	\$ -	\$ (380,000)	\$ 18,505,000	\$ 380,000
Series 2018	2,040,000	-	(35,000)	2,005,000	35,000
Series 2018 2B	3,740,000	-	(60,000)	3,680,000	65,000
Series 2018 3A	12,025,000	-	-	12,025,000	-
Series 2018 4	3,220,000	-	(70,000)	3,150,000	55,000
Series 2020 2C	5,145,000	-	-	5,145,000	100,000
Series 2020 3A	8,545,000	-	(140,000)	8,405,000	170,000
Series 2020 3B	2,545,000	-	-	2,545,000	50,000
Series 2021	-	21,870,000	-	21,870,000	-
	\$ 56,145,000	\$ 21,870,000	\$ (685,000)	\$ 77,330,000	\$ 855,000

At September 30, 2021, the scheduled debt service requirements on long-term debt were as follows:

For the Year Ending September 30,	Principal		Interest	Total Debt Service	
2022	\$	855,000	\$ 3,239,146	\$	4,094,146
2023		1,500,000	3,302,711		4,802,711
2024		1,555,000	3,251,085		4,806,085
2025		1,605,000	3,197,528		4,802,528
2026		1,670,000	3,141,066		4,811,066
2027-2031		9,320,000	14,699,589		24,019,589
2032-2036		11,425,000	12,565,542		23,990,542
2037-2041		14,220,000	9,771,416		23,991,416
2042-2046		17,800,000	6,186,800		23,986,800
2047-2051		15,450,000	2,159,210		17,609,210
2052		1,930,000	66,419		1,996,419
	\$	77,330,000	\$ 61,580,512	\$	138,910,512

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in the previous three years.

NOTE 7: MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

NOTE 8: CONCENTRATION

A significant portion of the District's future activity is dependent upon the continued involvement of the Developer, Babcock Property Holdings, LLC, the loss of which could have a materially adverse effect on the District's operations. At September 30, 2021, the Developer owned a majority of the assessable property located within the District boundaries.

NOTE 9: RELATED PARTY TRANSACTIONS

For the year ended September 30, 2021, the Developer contributed \$2,584,075 and \$589,400 to the General Fund and Capital Projects Fund, respectively, of which approximately \$252,000 was included in deferred revenue because it wasn't received within 90 days of year-end. The District directly assessed the Developer \$418,159 and \$723,304 for operations and maintenance and debt service, respectively. In addition, the District recognized revenue from the Developer in the General Fund totaling \$12,500 related to the security cost sharing agreement (see Note 11). As of September 30, 2021, the Developer owed the District approximately \$1.8 million, which is reported as due from Developer on the accompanying Statement of Net Position and Balance Sheet – Governmental Funds.

At September 30, 2021, the District owed the Developer \$1,200,000 in advances, of which \$1,000,000 was given to the District in fiscal year 2011 and used to make a deposit of \$1,000,000 with the State of Florida Department of Transportation related to future capital improvements to State Road 31. As of September 30, 2021, this entire \$1,000,000 construction deposit paid in fiscal year 2011 is included in Capital assets, not being depreciated on the accompanying Statement of Net Position.

Related to the District's business-type activities, during the year ended September 30, 2021, the District made payments of approximately \$7.8 million to the Developer related to the Utilities and Solid Waste leases (see Note 10).

NOTE 10: UTILITIES AND SOLID WASTE LEASES

In January 2017, the District entered into a 30-year lease agreement with MSKP Town & Country Utility, LLC ("T&C") and Babcock Ranch Irrigation, LLC ("BRI"), both entities affiliated with the Developer, to provide certain public services, including but not limited to water, wastewater and irrigation quality water service, within the boundaries of the District. The District took control of the water, sewer and irrigation utility services in February 2017, and as such recorded business-type revenue and expenses during the fiscal year ended September 30, 2021.

In accordance with the agreement, the District must pay annual base rent (in monthly installments), calculated as the Lessors' actual cost of the leased property times a return on equity of 11.16%, plus additional rent for replacement or expansion expenditures incurred by the Lessors and interest. The agreement includes a purchase option and a put option enabling the District and the Lessors, respectively to have the right to enact the District to purchase the leased property. The District can exercise the purchase option any time after October 1, 2040, but before the termination or expiration of the lease. The Lessors' can exercise the put option any time before the termination or expiration of the lease. This event would cause the District to begin the validation process on revenue bonds totaling \$287,420,000, to cover the estimated cost of the leased property.

In June 2018, the District entered into a 30-year lease agreement with Ecologic, which is affiliated with the Developer, to provide certain public services, including but not limited to solid waste disposal, within the boundaries of the District. The District took control of the solid waste disposal services in January 2018, and as such recorded business-type revenue and expenses during the fiscal year ended September 30, 2021.

In accordance with the agreement, the District must pay annual base rent (in monthly installments), calculated as the Lessors' actual cost of the leased property times a return on equity of 8.6%, plus additional rent for replacement or expansion expenditures incurred by the Lessors and interest. The agreement includes a purchase option and a put option enabling the District and the Lessors, respectively to have the right to enact the District to purchase the leased property. The District can exercise the purchase option any time after October 1, 2040, but before the termination or expiration of the lease. The Lessors' can exercise the put option any time before the termination or expiration of the lease. This event would cause the District to begin the validation process on revenue bonds totaling \$23,162,000, to cover the estimated cost of the leased property.

The utilities lease agreements state that interest should be accrued on the lease payable balances. The Developer started billing for the accrued interest on a go-forward basis beginning October 1, 2018.

During the fiscal year ended September 30, 2021, the District incurred related lease expenses totaling approximately \$10.5 million and \$513,000, which are reported as water, sewer and irrigation utilities and solid waste, respectively, on the accompanying Statement of Activities and Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds. At September 30, 2021, the District owed approximately \$9.2 million in lease payments, which is reported as lease payable on the accompanying Statement of Net Position.

Babcock Ranch Community Independent Special District Notes to Financial Statements

NOTE 11: COST SHARING AGREEMENTS

In February 2017, the District entered into a cost sharing agreement with the Developer, Babcock Ranch Residential Association, Inc. ("Residential Association"), and Babcock Ranch Commercial Association, Inc. ("Commercial Association") for security services. The other parties to the agreement were billed \$33,801 by the District, which is included in cost sharing and other revenue on the accompanying Statement of Activities and Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds. In December 2020, the security expense began to be incurred by the Residential Association, and the District entered into a new cost sharing agreement with the Residential Association. Related to these agreements, security services incurred by the District for fiscal year 2021 totaled approximately \$335,000, of which approximately \$273,000 was paid to the Residential Association representing 60% of the total security expense, and is included in maintenance and operations on the accompanying Statement of Activities and Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.

NOTE 12: FUTURE ROADWAY IMPROVEMENTS

The District is pursuing a State Infrastructure Bank ("SIB") loan to fund certain offsite roadway improvements totaling approximately \$62.7 million. The Developer has committed to providing collected transportation fees to the District that will be used to pay back the SIB loan, and the District has committed to levying special assessments to cover any projected shortfall of transportation fees to cover the SIB loan payments. At this time, the SIB loan has not been obtained by the District, and the outcome is unknown at this time.

NOTE 13: STATE GRANT

In December 2020, the District approved in substantial form a state-funded grant agreement with the state of Florida, Division of Emergency Management, in accordance with Florida Statute Section 215.971. This is a cost-reimbursement agreement, subject to the availability of funds, for Southwest Florida Regional Emergency Shelter Construction. The maximum reimbursement amount for the entirety of this agreement is \$8 million. The District began this project in fiscal year 2021, and incurred reimbursable costs totaling approximately \$1.7 million which are included in capital outlay on the accompanying Balance Sheet - Governmental Funds and capital assets not being depreciated on the accompanying Statement of Net Position. In accordance with the agreement, the District recognized grant revenue from the State of Florida totaling approximately \$717,000, which is reported on the accompanying Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds, while an additional approximately \$946,000 was recognized on the accompanying Statement of Activities, as it was not received within 90 days of year end, and accordingly, is included in deferred revenue on the accompanying Balance Sheet- Governmental Funds. Of the approximately \$717,000 recognized on the fund level statements, approximately \$533,000 is included in due from other government and due from other entity on the accompanying Statement of Net Position and Balance Sheet – Governmental Funds, respectively.

Babcock Ranch Community Independent Special District Notes to Financial Statements

NOTE 14: SUBSEQUENT EVENTS

In April 2022, the District issued \$80,515,000 of Special Assessment Bonds, Series 2022 consisting of \$5,375,000 Term Bonds due on May 1, 2027 with a fixed interest rate of 4.125%, \$8,120,000 Term Bonds due on May 1, 2032 with a fixed interest rate of 4.35%, \$23,405,000 Term Bonds due on May 1, 2042 with a fixed interest rate of 4.9%, and \$43,615,000 Term Bonds due on May 1, 2053 with a fixed interest rate of 5.064%. The Bonds were issued to finance the Series 2022 construction project. Interest is to be paid semiannually on each May 1 and November 1, commencing May 1, 2022. Principal is to be paid annually on each November 1, commencing November 1, 2023. The Series 2022 Bonds are subject to redemption at the option of the District prior to their maturity.

Required Supplemental Information (Other Than MD&A)

Babcock Ranch Community Independent Special District Budget to Actual Comparison Schedule – General Fund

For the year ended September 30,	2021					
	Original and Final Budget		Actual Amounts		Variance with Final Budget	
Revenue						
Assessments	\$	1,100,978	\$	1,194,377	\$	93,399
Developer contributions		2,312,242		2,008,657		(303,585)
Cost sharing and other revenues		279,877		384,485		104,608
Total revenue		3,693,097		3,587,519		(105,578)
Expenditures						
General government		614,606		1,084,722		(470,116)
Maintenance and operations		3,078,491		2,501,084		577,407
Total expenditures		3,693,097		3,585,806		107,291
Excess of revenue over expenditures	\$	-	\$	1,713	\$	1,713

Babcock Ranch Community Independent Special District Schedule of Expenditures of State Financial Assistance

For the year ended September 30, 2021

				Amount
		Grant		Provided
	CSFA	Contract		То
Grantor/Program Title	Number	Number	Expenditures	Subrecipients
STATE FINANCIAL ASSISTANCE:				
Florida Division of Emergency				
Management				
Southwest Florida Regional				
Shelter Construction	31.064	F0011	\$ 1,680,765	\$ -
Total Florida Division of Emergency				
Management			1,680,765	
Table Survey discourse of Chate Street Chate			1	<u> </u>
Total Expenditures of State Financial Assista	ance		\$ 1,680,765	<u> </u>

Babcock Ranch Community Independent Special District Notes to the Schedule of Expenditures of State Financial Assistance

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance ("Schedule") represents amounts expended from State of Florida financial assistance programs during the fiscal year as determined on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of the Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, State Financial Assistance. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported. Funds that are not subject to the Florida Single Audit Act are not included on this schedule.

The District does not have any loans, loan guarantees, or noncash assistance relating to state financial assistance.



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

To the Board of Supervisors

Babcock Ranch Community Independent Special District
Charlotte County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Babcock Ranch Community Independent Special District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report dated June 13, 2022.

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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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

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

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Board of Supervisors

Babcock Ranch Community Independent Special District
Charlotte County, Florida

Report on Compliance for Each Major State Project

We have audited the District's compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the District's major State projects for the year ended September 30, 2021. The District's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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. Those standards and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Project

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Caux Rigge & Ingram, L.L.C

Babcock Ranch Community Independent Special District Schedule of Findings and Questioned Costs September 30, 2021

SUMMARY OF AUDITORS' RESULTS

Financial Statements				
Type of auditors' report issued:		Unmodified		
 Internal control over financial reporti Material weakness identified Significant deficiency identified 	?	yes yes	_X_ no _X_ none noted	
Noncompliance material to financial statements noted?		yes	<u>X</u> no	
State Awards				
Internal control over major state projects:Material weakness identified?Significant deficiency identified?		yes yes	X no X none noted	
Type of auditors' report issued on compliance for major State projects:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General		yes	X none noted	
Identification of major state projects:				
State CSFA Number	Program Name			
31.064	Southwest Florida Regional Sh	elter Construc	tion	
The dollar threshold used to distingui projects.	sh between type A and B progra	ms was \$504,2	230 for major state	
FINANCIAL STATEMENT FINDINGS				
None noted				
STATE AWARD FINDINGS				
None noted				



MANAGEMENT LETTER

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To the Board of Supervisors

Babcock Ranch Community Independent Special District
Charlotte County, Florida

Report on the Financial Statements

We have audited the financial statements of Babcock Ranch Community Independent Special District ("District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 13, 2022.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 13, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the proceeding annual audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Financial Condition

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 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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Babcock Ranch Community Independent Special District reported:

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
 - Southwest Florida Regional Shelter Construction contract with a total cost of approximately \$8.1 million and cost incurred during the year ended September 30, 2021 totaling approximately \$1.7 million.
- f. The District did not amend its final adopted budget under Section 189.016(6).

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Babcock Ranch Community Independent Special District reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District as ranging from \$400 to \$425 for operations and maintenance and \$515 to \$2,936 for debt service per residential unit.
- b. The total amount of special assessments collected by or on behalf of the District as \$3,648,677.
- The total amount of outstanding bonds issued by the District as \$77,330,000.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which 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 Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

CARR, RIGGS & INGRAM, LLC

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors

Babcock Ranch Community Independent Special District
Charlotte County, Florida

We have examined Babcock Ranch Community Independent Special District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and performed the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our 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 year ended September 30, 2021.

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

CARR, RIGGS & INGRAM, LLC

Cau, Rigge & Ingram, L.L.C.