

**Lake Ashton
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2021

Lake Ashton Community Development District

ANNUAL FINANCIAL REPORT

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Lake Ashton Community Development District
Polk County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Lake Ashton Community Development District as of and for the year ended September 30, 2021, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Fort Pierce / Stuart



To the Board of Supervisors
Lake Ashton Community Development District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Lake Ashton Community Development District, as of September 30, 2021, and the respective changes in financial position and cash flows for the Enterprise Fund and the budgetary comparison for the General Fund for the year then ended in conformity 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 Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 12, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is 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 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 Lake Ashton Community Development District's internal control over financial reporting and compliance.

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 12, 2022

**Lake Ashton Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

Management's discussion and analysis of Lake Ashton Community Development District (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments. Business-type activities are primarily supported by charges to the users of those activities, such as restaurant charges.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Assets, liabilities, and net position are reported for all Governmental activities separate from the assets, liabilities and net position of business-type activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment, culture recreation and debt service. Business-type activities financed by user charges include restaurant services.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The enterprise fund financial statements provide information on all assets and liabilities of the fund, changes in economic resources (revenues and expenses), and total economic resources.

**Lake Ashton Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including capital assets, are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. In the **statement of activities**, transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2021.

- ◆ The District's total assets exceeded total liabilities by \$9,319,725 (net position). Net investment in capital assets for Governmental Activities was \$8,737,209 and for Business-type Activities was \$24,363. Restricted net position for Governmental Activities was \$108,518. Unrestricted net position for Governmental Activities was \$422,513 and for Business-type Activities was \$27,122.
- ◆ Governmental activities revenues totaled \$2,444,217 while governmental activities expenses and transfers totaled \$3,083,781. Business-type activities revenues and transfers totaled \$930,058 and business-type expenses totaled \$878,573.

**Lake Ashton Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 555,872	\$ 928,988	\$ 27,122	\$ -	\$ 582,994	\$ 928,988
Restricted assets	398,831	431,391	-	-	398,831	431,391
Capital assets, net	12,368,543	13,185,522	24,363	-	12,392,906	13,185,522
Total Assets	<u>13,323,246</u>	<u>14,545,901</u>	<u>51,485</u>	<u>-</u>	<u>13,374,731</u>	<u>14,545,901</u>
Current liabilities	454,547	728,253	-	-	454,547	728,253
Non-current liabilities	3,600,459	3,909,844	-	-	3,600,459	3,909,844
Total Liabilities	<u>4,055,006</u>	<u>4,638,097</u>	<u>-</u>	<u>-</u>	<u>4,055,006</u>	<u>4,638,097</u>
Net Position						
Net investment in capital assets	8,737,209	9,192,492	24,363	-	8,761,572	9,192,492
Restricted	108,518	110,846	-	-	108,518	110,846
Unrestricted	422,513	604,466	27,122	-	449,635	604,466
Total Net Position	<u>\$ 9,268,240</u>	<u>\$ 9,907,804</u>	<u>\$ 51,485</u>	<u>\$ -</u>	<u>\$ 9,319,725</u>	<u>\$ 9,907,804</u>

The decrease in current assets is related to the decrease in investments in the Capital Projects Fund in the current year.

The decrease in current liabilities is due to a decrease in payables in the Capital Projects Fund related to projects and land purchases in the prior year.

The decrease in non-current liabilities is mainly related to the principal payment made in the current year.

The District initiated an enterprise fund in the current year to account for a new restaurant operation.

**Lake Ashton Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

Change In Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Program Revenues</u>						
Charges for services	\$ 2,424,887	\$ 2,651,057	\$ 671,133	\$ -	\$ 3,096,020	\$ 2,651,057
Grants and contributions	-	8,000	36,748	-	36,748	8,000
<u>General Revenues</u>						
Miscellaneous revenues	17,853	11,975	-	-	17,853	11,975
Investment earnings	1,477	10,134	-	-	1,477	10,134
Total Revenues	<u>2,444,217</u>	<u>2,681,166</u>	<u>707,881</u>	<u>-</u>	<u>3,152,098</u>	<u>2,681,166</u>
<u>Expenses</u>						
General government	301,470	399,879	-	-	301,470	399,879
Physical environment	736,361	889,032	-	-	736,361	889,032
Culture/recreation	1,639,388	1,522,492	-	-	1,639,388	1,522,492
Interest and other charges	184,385	203,574	-	-	184,385	203,574
Restaurant	-	-	878,573	-	878,573	-
Total Expenses	<u>2,861,604</u>	<u>3,014,977</u>	<u>878,573</u>	<u>-</u>	<u>3,740,177</u>	<u>3,014,977</u>
Transfers	<u>(222,177)</u>	<u>-</u>	<u>222,177</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(639,564)	(333,811)	51,485	-	(588,079)	(333,811)
Net Position - Beginning of Year	9,907,804	10,241,615	-	-	9,907,804	10,241,615
Net Position - End of Year	<u>\$ 9,268,240</u>	<u>\$ 9,907,804</u>	<u>\$ 51,485</u>	<u>\$ -</u>	<u>\$ 9,319,725</u>	<u>\$ 9,907,804</u>

The decrease in charges for services for governmental activities is related to the decrease in usage fees in the current year.

The decrease in general government is related to decreased engineering fees related to the flood at the bowling alley and the golf study in the prior year.

The decrease in physical environment is related to certain major repair and maintenance projects in the prior year.

The increase in culture/recreation is related to water damage and cart path/bridge repairs in the current year.

The District initiated an enterprise fund in the current year to account for a new restaurant operation.

**Lake Ashton Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2021.

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 2,692,929	\$ -	\$ 2,692,929
Infrastructure	22,045,230	-	22,045,230
Equipment	724,559	24,988	749,547
Accumulated depreciation	<u>(13,094,175)</u>	<u>(625)</u>	<u>(13,094,800)</u>
Total Capital Assets (Net)	<u><u>\$ 12,368,543</u></u>	<u><u>\$ 24,363</u></u>	<u><u>\$ 12,392,906</u></u>

Current year activity for governmental activities consisted of additions to equipment of \$30,962 and depreciation of \$847,941. The current year activity for business-type activities consisted of additions to equipment of \$24,988 and depreciation of \$625.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily because special events expenditures were less than anticipated.

The September 30, 2021 budget was amended for increased professional fees and newsletter expenditures that were higher than originally anticipated.

Debt Management

Governmental Activities debt includes the following:

- In March 2015, the District issued \$5,115,000 Capital Improvement Revenue Refunding Bonds, Series 2015A-1 and \$720,000 Capital Improvement Revenue Refunding Bonds, Series 2015A-2. The Bonds were issued to refund the Capital Improvement Revenue Bonds, Series 2001A, Capital Improvement Revenue Bonds, Series 2003A, and Capital Improvement Revenue Bonds, Series 2005A. The balance outstanding at September 30, 2021 was \$3,700,000.

**Lake Ashton Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

The District will conduct its first full year of operations of the Enterprise Fund (Restaurant) in fiscal year 2022. The District cannot determine the affect this will have on the financial position or results of operations of the District in fiscal year 2022.

Request for Information

The financial report is designed to provide a general overview of Lake Ashton Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Lake Ashton Community Development District, Governmental Management Services, 219 Livingston Street, Orlando, Florida 32801.

Lake Ashton Community Development District
STATEMENT OF NET POSITION
September 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 54,320	\$ -	\$ 54,320
Investments	437,595	-	437,595
Accounts receivable	204	-	204
Assessments receivable	4,317	-	4,317
Inventory	-	27,122	27,122
Prepaid expenses	59,436	-	59,436
Total Current Assets	<u>555,872</u>	<u>27,122</u>	<u>582,994</u>
Non-Current Assets			
Restricted Assets			
Investments	398,831	-	398,831
Capital Assets, Not Being Depreciated			
Land	2,692,929	-	2,692,929
Capital Assets, Being Depreciated			
Infrastructure	22,045,230	-	22,045,230
Equipment	724,559	24,988	749,547
Accumulated depreciation	<u>(13,094,175)</u>	<u>(625)</u>	<u>(13,094,800)</u>
Total Non-Current Assets	<u>12,767,374</u>	<u>24,363</u>	<u>12,791,737</u>
Total Assets	<u>13,323,246</u>	<u>51,485</u>	<u>13,374,731</u>
LIABILITIES			
Current Liabilities			
Accounts payable	109,549	-	109,549
Contracts payable	9,045	-	9,045
Unearned revenues	7,645	-	7,645
Deposits payable	6,225	-	6,225
Accrued interest	77,083	-	77,083
Bonds payable, current	245,000	-	245,000
Total Current Liabilities	<u>454,547</u>	<u>-</u>	<u>454,547</u>
Non-Current Liabilities			
Bonds payable, net	<u>3,600,459</u>	<u>-</u>	<u>3,600,459</u>
Total Liabilities	<u>4,055,006</u>	<u>-</u>	<u>4,055,006</u>
NET POSITION			
Net investment in capital assets	8,737,209	24,363	8,761,572
Restricted for debt service	108,518	-	108,518
Unrestricted	<u>422,513</u>	<u>27,122</u>	<u>449,635</u>
Total Net Position	<u>\$ 9,268,240</u>	<u>\$ 51,485</u>	<u>\$ 9,319,725</u>

See accompanying notes to financial statements.

Lake Ashton Community Development District
STATEMENT OF ACTIVITIES
For the Period Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		Net(Expense) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities						
General government	\$ (301,470)	\$ 296,632	\$ -	\$ (4,838)	\$ -	\$ (4,838)
Physical environment	(736,361)	63,278	-	(673,083)	-	(673,083)
Culture/recreation	(1,639,388)	1,521,243	-	(118,145)	-	(118,145)
Interest and other charges	(184,385)	543,734	-	359,349	-	359,349
Total Governmental Activities	<u>(2,861,604)</u>	<u>2,424,887</u>	<u>-</u>	<u>(436,717)</u>	<u>-</u>	<u>(436,717)</u>
Business-type activities						
Restaurant	<u>(878,573)</u>	<u>671,133</u>	<u>36,748</u>	<u>-</u>	<u>(170,692)</u>	<u>(170,692)</u>
Total Primary Government	<u>\$ (3,740,177)</u>	<u>\$ 3,096,020</u>	<u>\$ 36,748</u>	<u>(436,717)</u>	<u>(170,692)</u>	<u>(607,409)</u>
General Revenues						
Miscellaneous revenues				17,853	-	17,853
Investment income				1,477	-	1,477
Total General Revenues				<u>19,330</u>	<u>-</u>	<u>19,330</u>
Transfers				<u>(222,177)</u>	<u>222,177</u>	<u>-</u>
Change in Net Position				(639,564)	51,485	(588,079)
Net Position - October 1, 2020				<u>9,907,804</u>	<u>-</u>	<u>9,907,804</u>
Net Position - September 30, 2021				<u>\$ 9,268,240</u>	<u>\$ 51,485</u>	<u>\$ 9,319,725</u>

See accompanying notes to financial statements.

Lake Ashton Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2021

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 38,827	\$ -	\$ 15,493	\$ 54,320
Investments	69,693	-	367,902	437,595
Due from other funds	12,352	-	-	12,352
Accounts receivable	204	895	-	1,099
Assessments receivable	3,422	-	-	3,422
Prepaid expenses	59,436	-	-	59,436
Restricted assets				
Cash and investments, at fair value	-	398,831	-	398,831
Total Assets	<u>\$ 183,934</u>	<u>\$ 399,726</u>	<u>\$ 383,395</u>	<u>\$ 967,055</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 109,549	\$ -	\$ -	\$ 109,549
Contracts payable	-	-	9,045	9,045
Due to other funds	-	-	12,352	12,352
Deposits payable	6,225	-	-	6,225
Unearned revenues	7,645	-	-	7,645
Total Liabilities	<u>123,419</u>	<u>-</u>	<u>21,397</u>	<u>144,816</u>
FUND BALANCES				
Nonspendable-prepaid expenses	59,436	-	-	59,436
Restricted:				
Debt service	-	399,726	-	399,726
Assigned-capital projects reserve	-	-	361,998	361,998
Unassigned	1,079	-	-	1,079
Total Fund Balances	<u>60,515</u>	<u>399,726</u>	<u>361,998</u>	<u>822,239</u>
Total Liabilities and Fund Balances	<u>\$ 183,934</u>	<u>\$ 399,726</u>	<u>\$ 383,395</u>	<u>\$ 967,055</u>

See accompanying notes to financial statements.

Lake Ashton Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2021

Total Governmental Fund Balances	\$ 822,239
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, land, \$2,692,929, infrastructure, \$22,045,230, and equipment, \$724,559, net of accumulated depreciation, \$(13,094,175), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	12,368,543
Long-term liabilities, including bonds payable, \$(3,700,000), net of bond premium, net, \$(145,459), are not due and payable in the current period and therefore, are not reported at the fund level.	(3,845,459)
Accrued interest expense for long-term debt is not a current financial use and therefore, is not reported at the governmental fund level.	<u>(77,083)</u>
Net Position of Governmental Activities	<u><u>\$ 9,268,240</u></u>

See accompanying notes to financial statements.

Lake Ashton Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Period Ended September 30, 2021

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	\$ 1,706,031	\$ 543,734	\$ -	\$ 2,249,765
Charges for services	175,122	-	-	175,122
Miscellaneous revenues	17,853	-	-	17,853
Investment income	665	20	792	1,477
Total Revenues	<u>1,899,671</u>	<u>543,754</u>	<u>792</u>	<u>2,444,217</u>
Expenditures				
Current				
General government	301,470	-	-	301,470
Physical environment	64,310	-	96,921	161,231
Culture/recreation	1,368,077	-	-	1,368,077
Capital outlay	-	-	30,962	30,962
Debt service				
Principal	-	365,000	-	365,000
Interest	-	201,375	-	201,375
Total Expenditures	<u>1,733,857</u>	<u>566,375</u>	<u>127,883</u>	<u>2,428,115</u>
Excess of revenues over/(under) expenditures	<u>165,814</u>	<u>(22,621)</u>	<u>(127,091)</u>	<u>16,102</u>
Other Financing Sources/(Uses)				
Insurance proceeds	1,500	-	-	1,500
Transfers in	-	-	278,522	278,522
Transfers out	(278,522)	-	(222,177)	(500,699)
Total Other Financing Sources/(Uses)	<u>(277,022)</u>	<u>-</u>	<u>56,345</u>	<u>(220,677)</u>
Net Change in Fund Balances	(111,208)	(22,621)	(70,746)	(204,575)
Fund Balances - October 1, 2020	<u>171,723</u>	<u>422,347</u>	<u>432,744</u>	<u>1,026,814</u>
Fund Balances - September 30, 2021	<u>\$ 60,515</u>	<u>\$ 399,726</u>	<u>\$ 361,998</u>	<u>\$ 822,239</u>

See accompanying notes to financial statements.

Lake Ashton Community Development 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 - Total Governmental Funds	\$ (204,575)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount capital outlay, \$30,962, was exceeded by depreciation, \$(847,941), in the current period.	(816,979)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	365,000
Bond premium does not current resources and therefore, is amortized over the life of the bonds as interest expense at the government-wide level. This is the current year amortization.	9,385
At the fund level interest is recognized when due. At the government-wide level interest is accrued on outstanding debt. This is the change in accrued interest.	<u>7,605</u>
Change in Net Position of Governmental Activities	<u><u>\$ (639,564)</u></u>

See accompanying notes to financial statements.

Lake Ashton Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Period Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$1,703,644	\$1,703,644	\$1,706,031	\$ 2,387
Charges for services	240,000	267,300	175,122	(92,178)
Miscellaneous revenues	5,000	5,000	17,853	12,853
Investment income	1,000	1,000	665	(335)
Total Revenues	<u>1,949,644</u>	<u>1,976,944</u>	<u>1,899,671</u>	<u>(77,273)</u>
Expenditures				
Current				
General government	267,613	306,943	301,470	5,473
Physical Environment	81,540	81,540	64,310	17,230
Culture/recreation	1,379,240	1,481,662	1,368,077	113,585
Total Expenditures	<u>1,728,393</u>	<u>1,870,145</u>	<u>1,733,857</u>	<u>136,288</u>
Excess of revenues over/(under) expenditures	<u>221,251</u>	<u>106,799</u>	<u>165,814</u>	<u>59,015</u>
Other Financing Sources/(Uses)				
Insurance proceeds	-	-	1,500	1,500
Transfers out	<u>(278,522)</u>	<u>(278,522)</u>	<u>(278,522)</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>(278,522)</u>	<u>(278,522)</u>	<u>(277,022)</u>	<u>1,500</u>
Net Change in Fund Balances	(57,271)	(171,723)	(111,208)	60,515
Fund Balances - October 1, 2020	<u>57,271</u>	<u>171,723</u>	<u>171,723</u>	<u>-</u>
Fund Balances - September 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,515</u>	<u>\$ 60,515</u>

See accompanying notes to financial statements.

Lake Ashton Community Development District
STATEMENT OF FUND NET POSITION _ ENTERPRISE FUND
September 30, 2021

	<u>Restaurant Fund</u>
ASSETS	
Current Assets	
Inventory	\$ 27,122
Non-current Assets	
Capital assets, being depreciated:	
Equipment	24,988
Accumulated depreciation	<u>(625)</u>
Total Non-current Assets	<u>24,363</u>
Total Assets	<u>51,485</u>
NET POSITION	
Net investment in capital assets	24,363
Unrestricted	<u>27,122</u>
Total Net Position	<u><u>\$ 51,485</u></u>

See accompanying notes to financial statements.

Lake Ashton Community Development District
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - ENTERPRISE FUND
For the Year Ended September 30, 2021

	Restaurant Fund
Operating Revenues	
Charges for services	\$ 671,133
Operating contributions	36,748
Total Operating Revenues	<u>707,881</u>
Operating Expenses:	
Restaurant operations	877,948
Depreciation	625
Total Operating Expenses	<u>878,573</u>
Operating (Loss)	(170,692)
Transfers In	<u>222,177</u>
Change In Net Position	51,485
Net Position - October 1, 2020	<u>-</u>
Net Position - September 30, 2021	<u><u>\$ 51,485</u></u>

See accompanying notes to financial statements.

Lake Ashton Community Development District
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
For the Year Ended September 30, 2021

	Restaurant Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 671,133
Cash received from other sources	36,748
Cash paid to suppliers	(905,070)
Net Cash (Used) By Operating Activities	<u>(197,189)</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	<u>(24,988)</u>
Cash Flows From Non-Capital Financing Activities	
Transfers in	<u>222,177</u>
Net change in cash and cash equivalents	-
Cash and equivalents - October 1, 2020	<u>-</u>
Cash and equivalents - September 30, 2021	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED) BY OPERATING (LOSS)	
Cash Flows From Operating Activities	
Operating (loss)	\$ (170,692)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation	625
Changes in assets and liabilities	
(Increase) in inventory	(27,122)
Total Adjustments	<u>(26,497)</u>
Net Cash (Used) By Operating Activities	<u><u>\$ (197,189)</u></u>

See accompanying notes to financial statements.

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lake Ashton Community Development District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

The District was established on August 15, 2000, as Lake Myrtle Community Development District pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Ordinance No. 2000-11 of the City Commissioners of Lake Wales, as a Community Development District. The name was changed to Lake Ashton Community Development District on February 12, 2001. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the Lake Ashton Community Development District. The District is governed by a five member Board of Supervisors. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Lake Ashton Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards the District has identified no component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are primarily supported by special assessments and charges for services. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District reports fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

Enterprise Funds

In the fund financial statements, the enterprise fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, enterprise funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in total net position. The District applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with, or contradict, GASB pronouncements.

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund accounts for debt service requirements to retire the Capital Improvement Revenue Refunding Bonds.

Capital Projects Fund – The Capital Projects Fund accounts for the acquisition and construction of infrastructure improvements located within the boundaries of the District.

b. Enterprise Major Fund

Enterprise Fund – The Enterprise Fund accounts for the operations of the restaurant, which is funded by proceeds from operations of the restaurant.

c. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as construction in progress, and non-current governmental liabilities, such as general obligation bonds be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

a. Cash and Investments (Continued)

4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash and investments include time deposits, certificates of deposit, money market funds, and all highly liquid debt instruments with original maturities of three months or less.

b. Restricted Assets

Certain net position of the District are classified as restricted assets on the Statement of Net Position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

c. Capital Assets

Capital assets, which include land, infrastructure and equipment, are reported in the governmental activities and business-type activities columns.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment	10 years
Infrastructure	20-30 years

d. Bond Premiums

Bond premiums associated with the issuance of bonds are amortized over the life of the bonds using the straight-line method of accounting.

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

e. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the District’s governmental funds, \$822,239, differs from “net position” of governmental activities, \$9,268,240, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below:

Capital related items

When capital assets (land, infrastructure and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Land	\$ 2,692,929
Infrastructure	22,045,230
Equipment	724,559
Accumulated depreciation	<u>(13,094,175)</u>
Total	<u>\$ 12,368,543</u>

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2021 were:

Bonds payable	\$ (3,700,000)
Bond premium, net	<u>(145,459)</u>
Bonds payable, net	<u>\$ (3,845,459)</u>

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Accrued interest

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to the accrued interest on bonds.

Accrued interest	\$ <u>(77,083)</u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds, \$(204,575), differs from the “change in net position” for governmental activities, \$(639,564), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below:

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation charged for the year.

Capital outlay	\$ 30,962
Depreciation	<u>(847,941)</u>
Total	<u>\$ (816,979)</u>

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)

Long-term debt transactions

When long-term debt is issued for governmental activities, the resources obtained are recognized as an other financing source at the fund level. At the government-wide level, however, the new debt increases non-current liabilities. Also, interest is recognized when due at the fund level, but is accrued at the government-wide level.

Principal payments	<u>\$ 365,000</u>
Amortization of bond premium	<u>\$ 9,385</u>
Accrued interest	<u>\$ 7,605</u>

NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2021, the District's bank balance was \$95,464 and the carrying value was \$54,320. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Investments

As of September 30, 2021, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Florida PRIME	49 Days*	\$ 437,595
U S Bank Money Market	N/A	398,831
Total		<u>\$ 836,426</u>

*Weighted average maturity

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that use the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the investments listed above are Level 1 assets.

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. The investment in Florida PRIME is measured at amortized cost. Florida PRIME has established policies and guidelines regarding participant transactions and the authority to limit or restrict withdrawals or impose a penalty for an early withdrawal. As of September 30, 2021, there were no redemption fees, maximum transaction amounts, or any other requirement that would limit daily access to 100 percent of the account value.

Interest Rate Risk

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

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. of a "2-7a like pool" as defined in Government Accounting Standards Board, Statement 31. As of September 30, 2021, the District's investment in Florida PRIME was rated AAAM by Standard & Poor's. The District's investment in U S Bank Money Market was unrated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in Florida PRIME represent 52% of the District's total investments and U S Bank Money Market represent 48% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2021 were typical of these items during the fiscal year then ended.

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE D – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2021 was as follows:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
<u>Governmental Activities:</u>				
Capital assets, not depreciated:				
Land	\$ 2,692,929	\$ -	\$ -	\$ 2,692,929
Capital assets, being depreciated				
Infrastructure	22,045,230	-	-	22,045,230
Equipment	707,197	30,962	(13,600)	724,559
Total Capital Assets Being Depreciated	22,752,427	30,962	(13,600)	22,769,789
Less accumulated depreciation				
Infrastructure	(11,873,256)	(779,537)	-	(12,652,793)
Equipment	(386,578)	(68,404)	13,600	(441,382)
Total Accumulated Depreciation	(12,259,834)	(847,941)	13,600	(13,094,175)
Total Capital Assets Depreciated, net	10,492,593	(816,979)	-	9,675,614
 Governmental Activities Capital Assets	 <u>\$ 13,185,522</u>	 <u>\$ (816,979)</u>	 <u>\$ -</u>	 <u>\$ 12,368,543</u>

Depreciation of \$575,130 was charged to physical environment and \$272,811 was charged to culture/recreation.

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

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
<u>Business-type Activities</u>				
Capital assets, being depreciated:				
Equipment	\$ -	\$ 24,988	\$ -	\$ 24,988
Less accumulated depreciation for:				
Equipment	-	(625)	-	(625)
Total Capital Assets Depreciated, Net	<u>\$ -</u>	<u>\$ 24,363</u>	<u>\$ -</u>	<u>\$ 24,363</u>

Depreciation of \$625 was charged to restaurant.

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE E – INTERFUND ACTIVITY

Interfund balances at September 30, 2021, consisted for the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	Capital Projects Fund
	\$ 12,352

Balances between the General Fund and the Capital Projects Fund are due to the General Fund paying for expenditures on behalf of the Capital Projects Fund that have not been repaid as of year-end.

Interfund transfers for the year ended September 30, 2021, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>		
	General Fund	Capital Projects Fund	Total
Capital Projects Fund	\$ 278,522	\$ -	\$ 278,522
Enterprise Fund	-	222,177	222,177
Total	<u>\$ 278,522</u>	<u>\$ 222,177</u>	<u>\$ 500,699</u>

Transfers from the General Fund to the Capital Projects Fund are related to budgeted capital reserve funding for the fiscal year. Transfers from the Capital Projects Fund to the Enterprise Fund are related to the funding of the deficit in operations in the Enterprise Fund in the current year.

NOTE F – LONG-TERM DEBT

The following is a summary of activity for long-term debt for the year ended September 30, 2021:

Long-term debt at October 1, 2020	\$ 4,065,000
Principal payments	<u>(365,000)</u>
Long-term debt at September 30, 2021	3,700,000
Plus bond premium, net	<u>145,459</u>
Long-term debt, net at September 30, 2020	<u>\$ 3,845,459</u>

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE F – LONG-TERM DEBT (CONTINUED)

Long-term debt is comprised of the following:

Capital Improvement Revenue Refunding Bonds

\$5,115,000 Series 2015A-1 Capital Improvement Revenue Refunding Bonds due in annual principal installments beginning May 1, 2016 and maturing May 1, 2032. Interest is due semi-annually on May 1 and November 1, at an interest rate of 5.0%. Current portion is \$225,000. \$ 3,215,000

\$720,000 Series 2015A-2 Capital Improvement Revenue Refunding Bonds due in annual principal installments beginning May 1, 2016 and maturing May 1, 2037. Interest is due semi-annually on May 1 and November 1, at an interest rate of 5.0%. Current portion is \$20,000. \$ 485,000

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2021 are as follows:

Year Ending September 30,	Principal	Interest	Total
2022	\$ 245,000	\$ 185,000	\$ 430,000
2023	255,000	172,750	427,750
2024	270,000	160,000	430,000
2025	285,000	146,500	431,500
2026	300,000	132,250	432,250
2027-2031	1,745,000	419,750	2,164,750
2032-2036	555,000	58,250	613,250
2037	45,000	2,250	47,250
Totals	<u>\$ 3,700,000</u>	<u>\$ 1,276,750</u>	<u>\$ 4,976,750</u>

Summary of Significant Bonds Resolution Terms and Covenants

The Series 2015A Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time on or after May 1, 2025 at the redemption price of the principal amount being redeemed, together with accrued interest to the date of redemption. The Series 2015A Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

Lake Ashton Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE F – LONG-TERM DEBT (CONTINUED)

The Trust Indenture established certain amounts be maintained in a reserve account. In addition, the Trust Indenture has certain restrictions and requirements relating to 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 bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Fund – The Series 2015A Reserve Account was funded from the proceeds of the Series 2015A Bonds in an amount equal to 50% of the maximum annual debt service outstanding on the Series 2015A Bonds. Monies held in the reserve account will be used only for the purposes established in the Trust Indenture.

The following is a schedule of required reserve deposits as of September 30, 2021:

	Reserve Balance	Reserve Requirement
Series 2015A Capital Improvement Revenue Refunding Bonds	\$ 214,125	\$ 214,125

NOTE G – 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 for which the government carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.



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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
Lake Ashton Community Development District
Polk 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 Lake Ashton Community Development District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lake Ashton Community Development District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Ashton Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Ashton Community Development 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



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To the Board of Supervisors
Lake Ashton Community Development District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Ashton Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 12, 2022



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MANAGEMENT LETTER

To the Board of Supervisors
Lake Ashton Community Development District
Polk County, Florida

Report on the Financial Statements

We have audited the financial statements of the Lake Ashton Community Development District as of and for the year ended September 30, 2021, and have issued our report thereon dated September 12, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals 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 September 12, 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 financial audit report. There were no findings or recommendations in the preceding financial audit report.

Financial Condition and Management

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



To the Board of Supervisors
Lake Ashton Community Development District

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 Lake Ashton Community Development District. It is management's responsibility to monitor the Lake Ashton Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2021.

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

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Lake Ashton Community Development District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: 4
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 45
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$2,925
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$1,917,066
- 5) 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, 2020, together with the total expenditures for such project: The District had no construction projects during the year.
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was amended, see below.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Lake Ashton Community Development District reported:

- 7) The rate or rates of non-ad valorem special assessments imposed by the District: \$539.74 - \$9,530.40.
- 8) The amount of special assessments collected by or on behalf of the District: Total special assessments collected was \$2,249,765.
- 9) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2015A, \$3,215,000, matures May 2032 and Series 2015A-2, \$485,000, matures May 2037.

To the Board of Supervisors
Lake Ashton Community Development District

	Original Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues			
Special assessments	\$ 1,703,644	\$ 1,706,031	\$ 2,387
Charges for services	240,000	175,122	(64,878)
Miscellaneous revenues	5,000	17,853	12,853
Investment income	1,000	665	(335)
Total Revenues	<u>1,949,644</u>	<u>1,899,671</u>	<u>(49,973)</u>
Expenditures			
Current			
General government	267,613	301,470	(33,857)
Physical environment	81,540	64,310	17,230
Culture/recreation	1,379,240	1,368,077	11,163
Total Expenditures	<u>1,728,393</u>	<u>1,733,857</u>	<u>(5,464)</u>
Excess of revenues over/(under) expenditures	<u>221,251</u>	<u>165,814</u>	<u>(55,437)</u>
Other Financing Sources/(Uses)			
Insurance proceeds	-	1,500	1,500
Transfers out	(278,522)	(278,522)	-
Total Other Financing Sources/(Uses)	<u>(278,522)</u>	<u>(277,022)</u>	<u>1,500</u>
Net changes in fund balance	<u>(57,271)</u>	<u>(111,208)</u>	<u>(53,937)</u>
Fund Balances - October 1, 2020	<u>57,271</u>	<u>171,723</u>	<u>114,452</u>
Fund Balances - September 30, 2021	<u>\$ -</u>	<u>\$ 60,515</u>	<u>\$ 60,515</u>

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 warrants the attention of those charged with governance. In connection with our audit, we did note the following finding.



To the Board of Supervisors
Lake Ashton Community Development District

Finding 21 – 01

Finding: The District inappropriately utilized budgeted capital reserve funds to mostly fund the deficit in operations of the Enterprise Fund during the current year.

Recommendation: The capital reserve funds should only expend monies in accordance with the purposes for which the funding was established.

Management Response: Expenditures will be monitored in future years to ensure that capital reserve funds are expended appropriately.

Purpose of this Letter

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

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 12, 2022



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**INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
Lake Ashton Community Development District
Polk County, Florida

We have examined Lake Ashton Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2021. Management is responsible for Lake Ashton Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Lake Ashton Community Development 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 and, accordingly, included examining, on a test basis, evidence about Lake Ashton Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Lake Ashton Community Development District's compliance with the specified requirements.

In our opinion, Lake Ashton Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 12, 2022