



# **Sunbridge Stewardship District**

## **FINANCIAL STATEMENTS**

**September 30, 2021**



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors  
Sunbridge Stewardship District  
Osceola, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sunbridge Stewardship 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, each major fund, and the aggregate remaining fund information of the District as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 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, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 28, 2022

## **Management's Discussion And Analysis**

## **Sunbridge Stewardship District Management's Discussion and Analysis**

Our discussion and analysis of the Sunbridge Stewardship 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 7.

### **FINANCIAL HIGHLIGHTS**

- At September 30, 2021, the assets of the District exceeded its liabilities by approximately \$6.4 million.
- During the year ended September 30, 2021, infrastructure totaling approximately \$6.7 million was conveyed to the District.

### **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 7 – 8 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 9. 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 4. 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 District's 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.

## Sunbridge Stewardship District Management's Discussion and Analysis

### **Reporting the District's Most Significant Funds**

Our analysis of the District's major funds begins on page 5. The fund financial statements begin on page 9 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* – All 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.

### **THE DISTRICT AS A WHOLE**

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

<i>September 30,</i>	<b>2021</b>	<b>2020</b>	<b>Change</b>
<b>Assets</b>			
Current and other assets	\$ 1,958,725	\$ 578,361	\$ 1,380,364
Capital assets, net	6,664,004	-	6,664,004
<b>Total assets</b>	<b>\$ 8,622,729</b>	<b>\$ 578,361</b>	<b>\$ 8,044,368</b>
<b>Liabilities</b>			
Current liabilities	\$ 250,911	\$ 226,076	\$ 24,835
Non-current liabilities - due to related party	1,926,135	531,990	1,394,145
<b>Total liabilities</b>	<b>2,177,046</b>	<b>758,066</b>	<b>1,418,980</b>
<b>Deferred Inflows of Resources</b>			
Developer contributions for the next fiscal year	-	5,381	(5,381)
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>5,381</b>	<b>(5,381)</b>
<b>Net position</b>			
Net investment in capital assets	6,664,004	-	6,664,004
Unrestricted	(218,321)	(185,086)	(33,235)
<b>Total net position (deficit)</b>	<b>6,445,683</b>	<b>(185,086)</b>	<b>6,630,769</b>
<b>Total liabilities and net position</b>	<b>\$ 8,622,729</b>	<b>\$ 578,361</b>	<b>\$ 8,044,368</b>

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

## Sunbridge Stewardship District Management's Discussion and Analysis

During fiscal year ended September 30, 2021, total assets and liabilities increased by approximately \$8 million and \$1.4 million, respectively. The increase in assets is primarily due to infrastructure conveyed to the District, while the increase in liabilities is primarily due to the increase in District activity related to the Utility Fund's system development charges in the current year, a large portion of which is due to a related party.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>For the year ended September 30,</i>	<b>2021</b>	<b>2020</b>	<b>Change</b>
<b>Revenue:</b>			
Program revenue:			
Charges for services	\$ 484,408	\$ 280,140	\$ 204,268
Grants and contributions	21,003	160,162	(139,159)
Capital asset conveyance	6,664,004	-	6,664,004
General revenue:			
Miscellaneous revenue	131	-	131
<b>Total revenue</b>	<b>7,169,546</b>	<b>440,302</b>	<b>6,729,244</b>
<b>Expenses:</b>			
General government	157,283	179,190	(21,907)
Maintenance and operations	381,494	454,294	(72,800)
<b>Total expenses</b>	<b>538,777</b>	<b>633,484</b>	<b>(94,707)</b>
Change in net position	6,630,769	(193,182)	6,823,951
Net position (deficit), beginning of year	(185,086)	8,096	(193,182)
<b>Net position (deficit), end of year</b>	<b>\$ 6,445,683</b>	<b>\$ (185,086)</b>	<b>\$ 6,630,769</b>

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

Revenue increased over the prior year by approximately \$6.7 million, while expenses decreased by approximately \$95,000. Revenue increased primarily due to the conveyance of infrastructure from the developer to the District. The decrease in expenses is primarily due to a decrease in engineering fees and utility fund inspection fees. The overall result was a \$6,630,769 increase in net position for fiscal year 2021.

### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 9) reported a combined fund balance deficit of approximately \$229,000, which is a decrease from last year's fund balance deficit that totaled approximately \$185,000.



# Sunbridge Stewardship District Management's Discussion and Analysis

## 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 21.

The District experienced a favorable variance in revenue and expenditures of approximately \$20,000 and \$11,000, respectively, as compared to the budget. The variance in expenditures occurred primarily due to anticipated professional service expenditures that were not incurred during the year. The variance in revenue is primarily due to developer contributions received.

## CAPITAL ASSET ADMINISTRATION

At September 30, 2021, the District had approximately \$6.7 million invested in capital assets. This amount represents an increase of approximately \$6.7 million from the fiscal year 2020 total. A listing of capital assets for the current and prior year follows:

<i>September 30,</i>	<b>2021</b>	<b>2020</b>	<b>Change</b>
Capital assets being depreciated	\$ 5,615,320	\$ -	\$ 5,615,320
Capital assets not being depreciated	1,048,684	-	1,048,684
<b>Total capital assets</b>	<b>\$ 6,664,004</b>	<b>\$ -</b>	<b>\$ 6,664,004</b>

More information about the District's capital assets are presented in Note 3 to the financial statements.

## FUTURE FINANCIAL FACTORS

Sunbridge Stewardship District is an independent special district that operates under the provisions of Chapter 189, Florida Statutes, and Chapter 2017-220, Laws of Florida. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. For fiscal year 2022, the Developer has agreed to fund the operations of the District.

## 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 Sunbridge Stewardship District's management company at 3501 Quadrangle Blvd., Suite 270, Orlando, Florida 32817.

## **Basic Financial Statements**

**Sunbridge Stewardship District  
Statement of Net Position**

<i>September 30,</i>	<b>2021</b>
	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 1,922,468
Accounts receivable	30,447
Prepaid expenses	5,570
Deposits	240
Capital assets:	
Not being depreciated	1,048,684
Depreciable, net	5,615,320
Total assets	8,622,729
<b>Liabilities</b>	
Accounts payable	52,992
Due to developer	150,000
Other liabilities	47,919
Due to related party	1,926,135
Total liabilities	2,177,046
<b>Net Position</b>	
Net investment in capital assets	6,664,004
Unrestricted	(218,321)
Total net position	\$ 6,445,683

*The accompanying notes are an integral part of these financial statements.*

## Sunbridge Stewardship District Statement of Activities

*For the year ended September 30,*

**2021**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position
Primary government:						
Governmental activities:						
General government	\$ (157,283)	221,604	\$ 5,381	\$ -	\$ 69,702	\$ 69,702
Maintenance and operations	(381,494)	262,804	-	15,622	(103,068)	(103,068)
Conveyance of capital assets	-	-	-	6,664,004	6,664,004	6,664,004
Total governmental activities	\$ (538,777)	\$ 484,408	\$ 5,381	\$ 6,679,626		6,630,638

### General revenue

Miscellaneous revenue	131
Change in net position	6,630,769
Net position (deficit) - beginning of year	(185,086)
Net position - end of year	\$ 6,445,683

*The accompanying notes are an integral part of these financial statements.*

## Sunbridge Stewardship District Balance Sheet – Governmental Funds

September 30,

2021

	General Fund	Utility Fund	Non-major Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 25,008	\$ 1,897,460	\$ -	\$ 1,922,468
Accounts receivable	529	19,001	10,917	30,447
Prepaid expenses	5,570	-	-	5,570
Deposits	240	-	-	240
<b>Total assets</b>	<b>\$ 31,347</b>	<b>\$ 1,916,461</b>	<b>\$ 10,917</b>	<b>\$ 1,958,725</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 15,940	\$ 26,135	\$ 10,917	\$ 52,992
Due to developer	-	150,000	-	150,000
Other liabilities	-	47,919	-	47,919
Due to related party	-	1,926,135	-	1,926,135
<b>Total liabilities</b>	<b>15,940</b>	<b>2,150,189</b>	<b>10,917</b>	<b>2,177,046</b>
<b>Deferred Inflows of resources</b>				
Unearned revenue	-	-	10,668	10,668
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>10,668</b>	<b>10,668</b>
<b>Fund balances</b>				
Nonspendable	5,810	-	-	5,810
Unassigned	9,597	(233,728)	(10,668)	(234,799)
<b>Total fund balances (deficit)</b>	<b>15,407</b>	<b>(233,728)</b>	<b>(10,668)</b>	<b>(228,989)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 31,347</b>	<b>\$ 1,916,461</b>	<b>\$ 10,917</b>	<b>\$ 1,958,725</b>

*The accompanying notes are an integral part of these financial statements.*

**Sunbridge Stewardship District**

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of  
Net Position**

<u>September 30,</u>	<u>2021</u>
Total fund balances, governmental funds	\$ (228,989)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level financial statements.	6,664,004
Revenue in the Statement of Activities that do not provide current financial resources are reported as deferred inflows at the fund level.	10,668
<b>Total net position - governmental activities</b>	<b>\$ 6,445,683</b>

*The accompanying notes are an integral part of these financial statements.*

**Sunbridge Stewardship District**  
**Statement of Revenue, Expenditures and Changes In Fund Balance –**  
**Governmental Funds**

*For the year ended September 30,*

**2021**

	General Fund	Utility Fund	Non-major Fund	Total Governmental Funds
<b>Revenue</b>				
Assessments	\$ 221,604	\$ -	\$ -	\$ 221,604
Developer contributions	5,381	-	4,954	10,335
Charges for services	-	262,804	-	262,804
Miscellaneous revenue	131	-	-	131
<b>Total revenue</b>	<b>227,116</b>	<b>262,804</b>	<b>4,954</b>	<b>494,874</b>
<b>Expenditures</b>				
Current:				
General government	141,661	-	15,622	157,283
Maintenance and operations	54,698	326,796	-	381,494
<b>Total expenditures</b>	<b>196,359</b>	<b>326,796</b>	<b>15,622</b>	<b>538,777</b>
Excess (deficit) of revenue over expenditures	30,757	(63,992)	(10,668)	(43,903)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	300	300
Transfers out	(300)	-	-	(300)
<b>Total other financing sources (uses)</b>	<b>(300)</b>	<b>-</b>	<b>300</b>	<b>-</b>
Net change in fund balances	30,457	(63,992)	(10,368)	(43,903)
Fund balances (deficit), beginning of year	(15,050)	(169,736)	(300)	(185,086)
<b>Fund balances (deficit), end of year</b>	<b>\$ 15,407</b>	<b>\$ (233,728)</b>	<b>\$ (10,668)</b>	<b>\$ (228,989)</b>

*The accompanying notes are an integral part of these financial statements.*

**Sunbridge Stewardship District**  
**Reconciliation of the Statement of Revenue, Expenditures and Changes**  
**In Fund Balance of Governmental Funds to the Statement of Activities**

<i>For the year ended September 30,</i>	<b>2021</b>
Net change in fund balances - governmental funds	\$ (43,903)
The conveyance of capital assets has no impact on the fund level financial statements but is treated as revenue in the government-wide Statement of Activities.	6,664,004
Certain revenue that does not represent current financial resources in the current year were deferred in the fund level financials but were recognized as revenue in the government-wide financial statements.	10,668
Change in net position of governmental activities	\$ 6,630,769

*The accompanying notes are an integral part of these financial statements.*



## Sunbridge Stewardship District Notes to Financial Statements

### NOTE 1: NATURE OF ORGANIZATION

The Sunbridge Stewardship District (the "District") was established on June 6, 2017 pursuant to Chapter 189, Florida Statutes, by Chapter 2017-220, Laws of Florida. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by 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 Tavistock East Services, LLC (the "Developer"). The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 2017-220, Laws of Florida.

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 criteria identified therein, 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:

## Sunbridge Stewardship District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Government-wide and Fund Financial Statements***

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. 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. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2021, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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 1<sup>st</sup> and ends on September 30<sup>th</sup>. Operation and maintenance special assessments are imposed upon all benefited lands located in the District.

## Sunbridge Stewardship District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments, developer contributions, utility charges 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.

The District reports the following major governmental funds:

General Fund – 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.

Utility Fund – The Utility Fund is used to account for the operations that provide water, sewer, and irrigation utilities within the District.

For the year ended September 30, 2021, the District does not report any proprietary funds.

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.

#### ***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 negotiable direct or indirect obligations which are secured by the United States Government; 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.

**Sunbridge Stewardship District  
Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Capital Assets***

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), 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 cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Asset</u>	<u>Years</u>
Infrastructure	25

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.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***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 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’s deferred inflows consist of developer contributions not received within sixty days of fiscal year-end.

## Sunbridge Stewardship District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Fund Equity***

Net position in the government-wide financial statements is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents net position restricted by outside entities.

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 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.

#### ***Subsequent events***

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 28, 2022. See Note 7 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Sunbridge Stewardship District  
Notes to Financial Statements**

**NOTE 3: CAPITAL ASSETS**

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

	Beginning Balance	Additions	Subtractions	Ending Balance
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated</i>				
Land	\$ -	\$ 1,048,684	\$ -	\$ 1,048,684
<b>Total capital assets not being depreciated</b>	<b>-</b>	<b>1,048,684</b>	<b>-</b>	<b>1,048,684</b>
<i>Capital assets being depreciated</i>				
Infrastructure	-	5,615,320	-	5,615,320
<b>Total capital assets being depreciated</b>	<b>-</b>	<b>5,615,320</b>	<b>-</b>	<b>5,615,320</b>
<b>Governmental activities capital assets</b>	<b>\$ -</b>	<b>\$ 6,664,004</b>	<b>\$ -</b>	<b>\$ 6,664,004</b>

During the fiscal year ended September 30, 2021, the Developer conveyed Cyrils Drive Phases 1 and 2 and the related infrastructure totaling approximately \$6.6 million to the District. The Developer conveyed this infrastructure on September 30 of the current fiscal year, and accordingly, the District has not reported depreciation expense as of September 30, 2021.

**NOTE 4: 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 5: 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.

## Sunbridge Stewardship District Notes to Financial Statements

### NOTE 6: RELATED PARTY TRANSACTIONS

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, Tavistock East Services, LLC, the loss of which could have a material adverse effect on the District's operations.

During the current year, the Developer contributed \$169,589 to the District, of which \$10,335 is reported as Developer contributions and \$148,586 are reported as operations and maintenance off-roll assessments on the Statement of Activities and Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.

At September 30, 2021, the District was owed a receivable of \$10,917 from the Developer, which is included in the total accounts receivable balance on the Statement of Net Position and the Balance Sheet – Governmental Fund; and the District owed \$150,000 to the Developer, which is recorded as Due to developer on the Statement of Net Position and Balance Sheet – Governmental Funds. In addition, the Developer contributed \$10,668 to the General Fund for current year expenses for which funding was not received within sixty days of fiscal year-end, which is recorded as deferred inflows of resources on the Statement of Net Position and Balance Sheet – Governmental Funds.

In October 2019, the District and Tavistock East II, LLC (TE II), a subsidiary of the Developer, entered into a Wholesale Water, Wastewater and Reclaimed Water Service Agreement (the "Wholesale Agreement"). In accordance with the agreement, TE II was authorized to construct Utility Facilities based on the condition that TE II shall convey the Utility Facilities to the District. The District subsequently will convey the Utility Facilities to the Tohopekaliga Water Authority ("TWA") in return for "system development charge credits", which are credits against future payments of connection charges which TWA otherwise would collect from the District prior to providing services. During the year ended September 30, 2021, the Developer conveyed completed infrastructure to the District totaling approximately \$6.7 million.

During the fiscal year ended September 30, 2021, the District collected system development charges as a part of initial installation fees, which will be used to compensate TE II for costs of development and construction of the Utility Facilities. Such fees totaled approximately \$1.4 million in the fiscal year ended September 30, 2021. A total liability of \$1,926,135 is included in Due to related party on the Statement of Net Position and the Balance Sheet – Governmental Funds.

In October 2019, the District and TE II entered into a Utility Services Agreement ("USA"). In accordance with this agreement, TE II will provide management, operations, maintenance, customer service and billing services required to operate the District's water and wastewater system. The annual base fee for such services is approximately \$175,000. These fees are included in the total maintenance and operations expenditures on the Statement of Activities and the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds. Upon expiration of the initial term of the agreement, this agreement shall automatically be renewed for an additional ten year term.

## Sunbridge Stewardship District Notes to Financial Statements

### **NOTE 7: SUBSEQUENT EVENTS**

The District is currently in the process of negotiating the accelerated sale of the retail water, wastewater, and reclaimed water systems to TOHO Water Authority. Under this agreement, all user customers will become TOHO customers subject to their rates, fees, and policies. The transition period following execution of a formal agreement is expected to be four to six months and is estimated to be completed during 2022.



**Required Supplemental Information  
(Other Than MD&A)**

**Sunbridge Stewardship District  
Budget to Actual Comparison Schedule – General Fund**

*For the year ended September 30,*

**2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenue</b>				
Assessments	\$ 206,875	\$ 206,875	\$ 221,604	\$ 14,729
Developer contributions	-	-	5,381	5,381
Miscellaneous revenue	-	-	131	131
<b>Total revenue</b>	<b>206,875</b>	<b>206,875</b>	<b>227,116</b>	<b>20,241</b>
<b>Expenditures</b>				
General government	147,200	153,450	141,661	11,789
Maintenance and operations	59,675	53,425	54,698	(1,273)
<b>Total expenditures</b>	<b>206,875</b>	<b>206,875</b>	<b>196,359</b>	<b>10,516</b>
<b>Excess of revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,757</b>	<b>\$ 30,757</b>

**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  
Sunbridge Stewardship District  
Osceola, 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, each major fund and the aggregate remaining fund information of Sunbridge Stewardship 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 thereon dated June 28, 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) to 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. 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, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 28, 2022



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## **MANAGEMENT LETTER**

To the Board of Supervisors  
Sunbridge Stewardship District  
Osceola, Florida

### **Report on the Financial Statements**

We have audited the financial statements of Sunbridge Stewardship District (“District”) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 28, 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 these reports, which are dated June 28, 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 preceding 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 and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District 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 Sunbridge Stewardship 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 1.
- 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 \$176,521.
- e. The District does not have any construction projects with a total cost of at least \$65,000 that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f. 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, as \$30,757.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Sunbridge Stewardship District reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the district as ranging from \$39 to \$33,349 per lot.

- b. The total amount of special assessments collected by or on behalf of the district as \$221,604.
- c. The total amount of outstanding bonds issued by the district as \$0.

**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 have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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

Miramar Beach, Florida  
June 28, 2022



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## INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors  
Sunbridge Stewardship District  
Osceola, Florida

We have examined Sunbridge Stewardship 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 with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and 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 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, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida  
June 28, 2022