

# 2023

Lakewood Ranch Community  
Development District 5

Financial Statements and  
Independent Auditor's Report

September 30, 2023

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

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

**LAKEWOOD RANCH  
COMMUNITY DEVELOPMENT DISTRICT 5  
LAKEWOOD RANCH, FLORIDA**

**SEPTEMBER 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Lakewood Ranch Community Development District 5  
Lakewood Ranch, Florida

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lakewood Ranch Community Development District 5 (the District) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2023, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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## INDEPENDENT AUDITOR'S REPORT

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 (collectively, the required supplementary information), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic

Board of Supervisors  
Lakewood Ranch Community Development District 5  
Lakewood Ranch, Florida

### INDEPENDENT AUDITOR'S REPORT

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



February 1, 2024  
Sarasota, Florida

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Lakewood Ranch Community Development District 5 (the District), our discussion and analysis of the District's financial performance provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes, and required supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

#### Government-Wide Financial Statements

- The assets (and deferred outflows) of the District exceeded its liabilities at the close of the most recent fiscal year and resulted in a net position of \$5,306,890.
- The District's total net position increased by \$630,874 for the year.

#### Fund Financial Statements

- At September 30, 2023, the District's governmental funds reported combined ending fund balances of \$3,462,634, an increase of \$832,812 for the year.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other information and required supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The *statement of net position* and *statement of activities* focus on the government "taken as a whole" rather than on fund types.

The *statement of net position* presents information on all the District's assets (plus deferred outflows) and liabilities (plus deferred inflows), with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the year. Revenues are recognized when earned and expenses are reported when incurred.

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

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only governmental funds. There are no business-type or fiduciary funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term* inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's *near-term* financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's *near-term* financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two governmental funds for external reporting for the year ended September 30, 2023. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund (major fund) and the debt service fund (major fund).

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

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets and deferred outflows exceeded liabilities at the close of the most recent fiscal year.

Key components of the District's net position as of September 30 of each year are reflected in the following table:

	<u>2023</u>	<u>2022</u>
Assets, Excluding Capital Assets	\$ 3,634,097	\$ 2,793,914
Capital Assets, Net of Depreciation	4,167,055	4,623,987
Deferred Outflows of Resources	<u>142,008</u>	<u>159,759</u>
<b>Total Assets and Deferred Outflows</b>	<u>7,943,160</u>	<u>7,577,660</u>
Liabilities, Excluding Long-Term Liabilities	196,270	191,644
Long-Term Liabilities	<u>2,440,000</u>	<u>2,710,000</u>
<b>Total Liabilities</b>	<u>2,636,270</u>	<u>2,901,644</u>
<b>Net Position</b>		
Net Investment in Capital Assets	1,869,063	2,073,746
Restricted for Debt Service	236,743	24,781
Unrestricted	<u>3,201,084</u>	<u>2,577,489</u>
<b>Total Net Position</b>	<u>\$ 5,306,890</u>	<u>\$ 4,676,016</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The District's net position reflects its investment in capital assets (e.g., land, infrastructure, other improvements, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position increased during the year by \$630,874. The increase reflects the extent to which program and general revenues were sufficient to cover the costs of operations, including depreciation.

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

	2023	2022
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 3,486,516	\$ 3,234,361
Operating Grants and Contributions	27,000	27,000
General Revenues	217,249	57,906
<b>Total Revenues</b>	3,730,765	3,319,267
<b>Expenses</b>		
General Government:		
Town Hall	30,188	38,778
Maintenance Facility	36,353	36,293
Other Administration	331,393	389,435
Maintenance and Operations	2,620,827	2,759,058
Interest on Long-Term Liabilities	81,130	87,647
<b>Total Expenses</b>	3,099,891	3,311,211
<b>Change in Net Position</b>	630,874	8,056
<b>Net Position, Beginning of Year</b>	4,676,016	4,667,960
<b>Net Position, End of Year</b>	\$ 5,306,890	\$ 4,676,016

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2023, was \$3,099,891. The costs of the District's activities were primarily funded by program revenues. In the current year, program revenues include the management and operations assessments and contributions, which include a share of the landscape contract with another District. Program revenues increased \$252,155 from 2022 to 2023 due to an increase in the operations and maintenance assessment rate. Although disaster clean-up and recovery costs associated with Hurricane Ian increased expenditures, expenses actually decreased \$211,320 primarily due to reductions in infrastructure maintenance and repairs.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

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

The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,566,895 and total fund balance was \$3,201,084. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 61.5% of total general fund expenditures while the total fund balance represents 125.7% of the same amount.

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

### GENERAL FUND BUDGETARY COMPARISON

An operating budget was adopted and maintained by the District, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors through resolution and in compliance with the statutory budget adoption process, which includes a Public Hearing to consider the amendment. The general fund budget for the fiscal year ended September 30, 2023, was amended to increase appropriations and uses of fund balance by \$579,000.

The difference between the original expenditures budget and the final budget are summarized as follows:

- \$45,000 increase for Landscape Maintenance Salaries and Wages.
- \$15,000 increase for Special Engineering Services.
- \$22,000 increase for Non-Contracted Maintenance - Masters (Clean-up related to Hurricane Ian).
- \$22,000 increase for Landscape Contractual - Community.
- \$220,000 increase for Non-Contracted Maintenance - Community (Clean-up related to Hurricane Ian).
- \$5,000 increase for Stormwater Pond Maintenance.
- \$250,000 increase for Road Repaving/Resurfacing.

The original budget required the utilization of road reserves of \$253,000 to balance an appropriation plan in excess of funding sources. The original appropriations budget, which includes transfers out, was \$3,104,550. The final (amended) budget required an additional utilization of carry forward surplus of \$329,000 and road reserves of \$250,000 for a total of \$579,000 to balance an appropriation plan in excess of funding sources. The final (amended) appropriation budget, which includes transfers out, was \$3,683,550. Actual results *added* \$623,595 to the fund balance. Revenues were \$319,306 better than budget and expenditures and transfers out combined were \$1,136,289 under budget. The variances occurred for a variety of reasons, but primarily due to the deferral of the road projects.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

A budgetary comparison schedule is shown in the required supplementary information section of the report.

### **CAPITAL ASSETS AND LONG-TERM LIABILITIES ADMINISTRATION**

#### **Capital Assets**

The District's investment in capital assets at September 30, 2023, totaled \$4,167,055 (net of accumulated depreciation). Capital assets include land, infrastructure, other improvements, and machinery and equipment. There was no current year addition or disposal of assets and the depreciation was \$456,932. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

#### **Long-Term Liabilities**

At September 30, 2023, the District had \$2,440,000 in Bonds outstanding with a final maturity in 2031. Principal payments during 2023 totaled \$270,000, as scheduled. There were no extraordinary mandatory redemptions. More detailed information about the District's debt is presented in Note 6 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The 2024 general fund budget uses carry forward surplus of \$50,500 and road reserves of \$397,000, and includes a 1.9% increase in the operations and maintenance assessment rate to balance an appropriation plan in excess of funding sources.

The District does not anticipate significant changes in its operations for fiscal year 2024. The District anticipates a continuation of its infrastructure maintenance program and road repaving/resurfacing program for fiscal year 2024.

Looking forward to the budget for fiscal year 2024, there are several key economic factors that the District should consider, including the state of the overall economy and inflation. If the cost of goods and services continues to increase, it may result in higher expenses for the District, affecting the allocation of funds in the budget. Additionally, inflation can impact maintenance costs, construction costs, and material prices, which can have implications on the District's operations and planned capital improvements. Interest rates and investment income are other important economic factors to consider when looking at fiscal year 2024 budget and forward. By taking a proactive and forward-looking approach, the District can ensure that its budget is realistic, adaptable, aligned with its goals, and able to withstand any potential changes in the economic landscape.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Lakewood Ranch Community Development District 5's Finance Department at Town Hall, 8175 Lakewood Ranch Blvd., Lakewood Ranch, Florida 34202.

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**  
**LAKWOOD RANCH, FLORIDA**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 424,028
Investments	2,948,519
Restricted Assets:	
Cash and Cash Equivalents	261,550
Capital Assets:	
Depreciable Assets, Net	3,681,915
Non-Depreciable	485,140
<b>Total Assets</b>	<b>7,801,152</b>
 <b>Deferred Outflows of Resources</b>	
Deferred Loss on Refunding	142,008
 <b>Liabilities</b>	
Accounts Payable	80,567
Accrued Expenses	15,914
Due to Other Governments	74,982
Accrued Interest	24,807
Long-Term Liabilities:	
Due Within One Year - Bonds Payable	280,000
Due in More than One Year - Bonds Payable	2,160,000
<b>Total Liabilities</b>	<b>2,636,270</b>
 <b>Net Position</b>	
Net Investment in Capital Assets	1,869,063
Restricted for Debt Service	236,743
Unrestricted	3,201,084
<b>Total Net Position</b>	<b>\$ 5,306,890</b>

See accompanying notes.

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023  
LAKWOOD RANCH, FLORIDA**

Functions/Programs	Expenses	Program Revenues		Net (Expense), Revenue, and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government:				
Town Hall	\$ 30,188	\$ 27,109	\$ -	\$ (3,079)
Maintenance Facility	36,353	32,594	-	(3,759)
Other Administration	331,393	221,357	-	(110,036)
Maintenance and Operations	2,620,827	2,645,547	27,000	51,720
Interest on Long-Term Liabilities	81,130	559,909	-	478,779
<b>Total Governmental Activities</b>	<u>\$ 3,099,891</u>	<u>\$ 3,486,516</u>	<u>\$ 27,000</u>	<u>413,625</u>

**General Revenues**

Unrestricted Investment Earnings	170,183
Other Revenues	47,066
<b>Total General Revenues</b>	<u>217,249</u>

**Change in Net Position** 630,874

**Net Position, Beginning of Year** 4,676,016

**Net Position, End of Year** \$ 5,306,890

See accompanying notes.

**LAKEWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2023**  
**LAKEWOOD RANCH, FLORIDA**

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 424,028	\$ 261,550	\$ 685,578
Investments	2,948,519	-	2,948,519
<b>Total Assets</b>	<u>3,372,547</u>	<u>261,550</u>	<u>3,634,097</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	80,567	-	80,567
Accrued Expenses	15,914	-	15,914
Due to Other Governments	74,982	-	74,982
<b>Total Liabilities</b>	<u>171,463</u>	<u>-</u>	<u>171,463</u>
<b>Fund Balances</b>			
Restricted for:			
Debt Service	-	261,550	261,550
Assigned for:			
Road Reserves	741,689	-	741,689
Special Projects	445,000	-	445,000
Subsequent Year's Expenditures	447,500	-	447,500
Unassigned:			
General Reserve	497,304	-	497,304
Unrestricted	1,069,591	-	1,069,591
<b>Total Fund Balances</b>	<u>3,201,084</u>	<u>261,550</u>	<u>3,462,634</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,372,547</u>	<u>\$ 261,550</u>	<u>\$ 3,634,097</u>

See accompanying notes.

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023  
LAKWOOD RANCH, FLORIDA**

**Fund Balance - Governmental Funds** \$ 3,462,634

**Amounts Reported for Governmental Activities in the Statement  
of Net Position are Different Because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation.

Capital Assets	\$ 18,648,010	
(Accumulated Depreciation)	<u>(14,480,955)</u>	4,167,055

Deferred refunding losses are considered deferred outflows in the government-wide statement of net position. These losses are expensed as incurred in the governmental fund financial statements.

Deferred Loss on Refunding	213,012	
(Accumulated Amortization)	<u>(71,004)</u>	142,008

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Bonds Payable	(2,440,000)	
Accrued Interest	<u>(24,807)</u>	<u>(2,464,807)</u>

**Net Position of Governmental Activities** \$ 5,306,890

See accompanying notes.

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023  
LAKWOOD RANCH, FLORIDA**

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	
<b>Revenues</b>			
Assessments	\$ 2,926,607	\$ 559,898	\$ 3,486,505
Contributions	27,000	-	27,000
Interest	170,183	11	170,194
Other Revenues	47,066	-	47,066
<b>Total Revenues</b>	<u>3,170,856</u>	<u>559,909</u>	<u>3,730,765</u>
<b>Expenditures</b>			
Current:			
General Government:			
Town Hall	30,188	-	30,188
Maintenance Facility	36,353	-	36,353
Other Administration	316,825	14,568	331,393
Maintenance and Operations	2,163,895	-	2,163,895
Debt Service:			
Principal	-	270,000	270,000
Interest	-	66,124	66,124
<b>(Total Expenditures)</b>	<u>(2,547,261)</u>	<u>(350,692)</u>	<u>(2,897,953)</u>
<b>Net Change in Fund Balances</b>	623,595	209,217	832,812
<b>Fund Balances, Beginning of Year</b>	<u>2,577,489</u>	<u>52,333</u>	<u>2,629,822</u>
<b>Fund Balances, End of Year</b>	<u>\$ 3,201,084</u>	<u>\$ 261,550</u>	<u>\$ 3,462,634</u>

See accompanying notes.

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023  
LAKWOOD RANCH, FLORIDA**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	832,812
 <b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</b>		
Depreciation on capital assets is not recognized in the governmental fund statements, but is reported as an expense in the statement of activities.		(456,932)
Repayment of long-term liabilities are reported as expenditures in the governmental fund statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.		
Principal Payments		270,000
Amortization is not recognized in the governmental fund statements, but is reported as an expense in the statement of activities.		
Refunding Loss		(17,751)
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities, but not in the fund financial statements.		2,745
		2,745
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>630,874</b>
		<b>630,874</b>

See accompanying notes.



**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKWOOD RANCH, FLORIDA**

**Note 1 - Nature of Organization and Reporting Entity**

Lakewood Ranch Community Development District 5 (the District) is one of five community development districts in the Lakewood Ranch community in the southeast corner of Manatee County, Florida. The District was created on April 30, 2001, pursuant to the *Uniform Community Development District Act of 1980* (the Act), as amended, otherwise known as Chapter 190, Florida Statutes, and by the Florida Land and Water Adjudicatory Commission under Rule Chapter 42EE-1. The Act delineates the powers and duties of community development districts, including, among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure and for its general administration, operation, and maintenance.

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

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

The Board has the final responsibility for:

- Assessing and Levying Assessments
- Approving Budgets
- Acquiring, Operating, and Maintaining Systems, Facilities, and Basic Infrastructures
- Controlling the Use of Funds Generated by the District
- Financing Improvements

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

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

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

**Note 2 - Summary of Significant Accounting Policies**

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

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKWOOD RANCH, FLORIDA**

**A. Government-Wide and Fund Financial Statements**

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Other items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable* and *available*. Revenues are available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Inter-District billings are susceptible to accrual, but assessments and other revenues generally are not. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest are recorded in the period when payment is due.

**Fund Accounting**

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

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

The District reports the following major governmental funds:

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

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5**  
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*Debt Service Fund* —The Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest on long-term debt.

The District has no non-major funds.

**Assessments**

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

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

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

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

**C. Financial Statement Balances**

**Cash and Cash Equivalents and Investments**

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

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

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

- a) The Local Government Surplus Trust Funds or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*.
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c) Interest bearing time deposits or savings accounts in qualified public depositories.

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5  
NOTES TO THE FINANCIAL STATEMENTS  
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d) Direct obligations of the U.S. Treasury.

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

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

**Receivables/Due from Other Governments**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. There are no estimated uncollectible amounts at September 30, 2023.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditure/expenses when consumed rather than when purchased.

**Restricted Assets**

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

**Capital Assets**

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

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

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

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

Assets	Years
Infrastructure	25 to 30
Other Improvements	5 to 20
Machinery and Equipment	5

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.

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Unamortized Refunding Loss**

In the case of an advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is termed a refunding loss. Under GASB Statement No. 65, refunding losses are recorded as deferred outflows in the government-wide statement of net position. Refunding losses were amortized over the remaining term of the refunded debt or the term of the new *refunding* debt, whichever is shorter.

The refunding loss related to the issuance of the 2019 Bonds, totaling \$213,012, was carried forward from the Series 2007 Bonds and is being amortized over the debt term using the straight-line method. At September 30, 2023, accumulated amortization was \$71,004, for an outstanding balance of \$142,008.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Long-Term Debt Obligations**

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

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

**Net Position/Fund Balance**

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

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

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

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5  
NOTES TO THE FINANCIAL STATEMENTS  
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- *Committed*—Amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action (resolution) of the Board. These committed amounts may not be used for any other purpose unless the Board removes or changes the specified use by taking the same type of formal action (resolution) that imposed the constraint originally.
- *Assigned*—Amounts that are constrained by action of the Board, or by an individual or body to whom the Board has delegated this responsibility. The Board has not delegated this responsibility.
- *Unassigned*—This classification is used for: (a) negative unrestricted fund balance in any fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned for specific purposes.

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

**Debt Issuance Costs**

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

**D. Other Disclosures**

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in the accompanying financial statements and notes. Actual results could differ from those estimates.

**Note 3 - Budgetary Information**

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

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

- a) Starting in January of each year, budget proposals are accepted for the upcoming fiscal year, and a series of budget workshops are held with District representatives, staff, and the public. The assessment amounts for the upcoming fiscal year are proposed.
- b) A budget summary is ready by June, and a formal public hearing is conducted in August to obtain comments.
- c) The Board adopts the final original budget in August for the fiscal year beginning October 1. The budget is adopted by resolution.

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5  
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d) Budget amendments, if any, are approved by the Board during the year.

Neither the statute nor the District’s budget policy specifies the legal level of budgetary authority. The District amended its fiscal year 2023 budget.

**Note 4 - Deposits, Cash Equivalents, and Investments**

**Cash Deposits**

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

**Cash Equivalents**

Restricted cash equivalents consists of US Bank Money Market Deposit accounts, which are Federal Deposit Insurance Corporation insured up to \$250,000.

**Investments**

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

The District holds investments in a qualified external investment pool that measures all of its investments at amortized cost. The following investments are recorded at amortized cost at September 30, 2023:

	<u>Amortized Cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
Local Government Surplus Funds			Weighted Average of the
Trust Fund (Florida PRIME)	\$ 2,948,519	AAAm	Fund Portfolio: 35 Days
<b>Total Investments</b>	<u>\$ 2,948,519</u>		

Florida PRIME is a local government investment pool administered by the Florida State Board of Administration (SBA) and managed by professional money managers. Florida PRIME invests exclusively in short-term, high-quality fixed income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating agencies, or securities of comparable quality.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states, “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and

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withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute Section 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2023, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

*Foreign Currency Risk*—The pool was not exposed to foreign currency risk during the year.

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

*Credit Risk*—For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration Risk*—The District places no limit on the amount the District may invest in any one issuer but emphasizes diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

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

**Note 5 - Capital Assets**

Capital asset activity for the fiscal year ended September 30, 2023, was as follows:



**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5**  
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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 485,140	\$ -	\$ -	\$ 485,140
Total Capital Assets Not Being Depreciated	485,140	-	-	485,140
Capital Assets Being Depreciated:				
Infrastructure	12,440,272	-	-	12,440,272
Other Improvements	5,680,557	-	-	5,680,557
Machinery and Equipment	42,041	-	-	42,041
Total Capital Assets Being Depreciated	18,162,870	-	-	18,162,870
Less Accumulated Depreciation for:				
Infrastructure	(8,414,151)	(441,400)	-	(8,855,551)
Other Improvements	(5,567,831)	(15,532)	-	(5,583,363)
Machinery and Equipment	(42,041)	-	-	(42,041)
Total Accumulated Depreciation	(14,024,023)	(456,932)	-	(14,480,955)
<b>Total Capital Assets Being Depreciated, Net</b>	<b>4,138,847</b>	<b>(456,932)</b>	<b>-</b>	<b>3,681,915</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 4,623,987</b>	<b>\$ (456,932)</b>	<b>\$ -</b>	<b>\$ 4,167,055</b>

Depreciation expense totaling \$456,932 was allocated to the maintenance and operations function in the statement of activities.

**Note 6 - Long-Term Debt**

**Series 2019 Bonds - Direct Placement**

On December 24, 2019, the District issued \$3,425,000 of Special Assessment Revenue Refunding Bond, Series 2019 (the 2019 Bond). The proceeds from issuance of the 2019 Bond, together with District cash of \$227,884 were used to fully refund the outstanding principal, interest, and prepayment premium on the 2007 Bonds, fund a debt service reserve, sinking fund and pay issuance costs. The transaction yielded gross debt service present value savings of \$440,472 and net present value savings of \$297,588.

The 2019 Bond bears interest at a fixed rate of 2.44% per annum. Interest is due semiannually on each May 1 and November 1. Scheduled principal amounts are due each May 1 through May 1, 2031.

The 2019 Bond is subject to early redemption at the option of the District prior to maturity, in whole or in part, on any date, at the redemption price of 100% plus accrued interest. The 2019 Bond is subject to extraordinary mandatory redemption prior to their scheduled maturity from prepayments of special assessments. The current year principal payment of \$270,000 included no extraordinary mandatory redemptions.

Payments of the principal and interest on the 2019 Bond are secured equally and ratably by a pledge of and first lien on the special assessments and related accounts of the District.

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5  
NOTES TO THE FINANCIAL STATEMENTS  
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**Pledged Revenues**

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

Description of Debt	Pledged Revenue	Revenue Received	Principal and Interest Paid	Estimated Percentage Pledged	Outstanding Principal and Interest	Revenue Pledged Through
Special Assessment Revenue Refunding Bonds, Series 2019	Special Assessments	\$ 559,898	\$ 336,124	100%	\$ 2,715,476	2031

**Long-Term Debt Activity**

Changes in long-term debt activity for the fiscal year ended September 30, 2023, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable:					
2019 Bonds - Direct Placement	\$ 2,710,000	\$ -	\$ (270,000)	\$ 2,440,000	\$ 280,000
Total	<u>\$ 2,710,000</u>	<u>\$ -</u>	<u>\$ (270,000)</u>	<u>\$ 2,440,000</u>	<u>\$ 280,000</u>

At September 30, 2023, the scheduled debt service requirements on the long-term debt were as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 280,000	\$ 59,536	\$ 339,536
2025	285,000	52,704	337,704
2026	295,000	45,750	340,750
2027	300,000	38,552	338,552
2028	310,000	31,232	341,232
2029-2031	<u>970,000</u>	<u>47,702</u>	<u>1,017,702</u>
<b>Total</b>	<u>\$ 2,440,000</u>	<u>\$ 275,476</u>	<u>\$ 2,715,476</u>

**Note 7 - Related-Party Transactions**

**Related Parties**

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

On November 15, 2012, the Districts and Authority entered into an Inter-Local Agreement, which replaced prior Inter-Local Agreements. The new Inter-Local Agreement identified the Authority as the District Manager for the Districts, and clarified the relationship and financial agreements among the entities, as they related to the following transactions:

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5  
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**Shared Expenses**

As District Manager, the Authority provides certain administrative, financial, and operation and maintenance services to the Districts. The costs of these services are borne by the Authority, and then allocated and reimbursed by the Districts on a monthly basis. Total shared expenses for 2023 were \$3,271,372, of which the District's share of \$676,897 is included under "other administration" and "maintenance and operations" in the expenditure section of the financial statements. The District's shared expenses for September 2023, totaling \$74,982, are included in "due to other governments" at September 30, 2023.

**Town Hall and Maintenance Facility**

The Lakewood Ranch Town Hall (Town Hall) was constructed and financed by District 2 in 2003. In 2013, District 2 issued \$3,250,000 of Special Revenue Improvement and Refunding Notes (the 2012 Notes) to finance the construction of a shared maintenance facility, and to retire the remaining principal balance of the 2003 Notes in the approximate outstanding amount of \$634,000. The portion of the 2012 Notes attributable to Town Hall reached final maturity on May 1, 2018, which included a principal payment of \$120,000.

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

The District's portion of the shared expenses for both the Town Hall and the maintenance facility payments are covered under the terms of an amended non-exclusive and operating agreement dated November 15, 2012, among the Districts and the Authority (the agreement). The original term of the agreement is thirteen years ending on November 15, 2025. The agreement will be extended automatically for additional five-year terms; however, any District may give notice at least one year prior to the expiration of its desire not to extend. In accordance with the agreement, the Town Hall facilities were conveyed from the Lakewood Ranch Community Development District 2 to the Authority in 2018. The maintenance facility will be conveyed within ninety (90) days of the applicable debt service being satisfied on May 1, 2025.

Payments by the Districts to District 2 are equal to their allocable share of District 2's related debt service costs based on equivalent dwelling units (see below). Contributions received by District 2 in 2023 totaled \$185,659 for the maintenance facility, of which the District's share was \$36,353.

Monthly payments are also required by each District to the Authority for their allocable share of the costs (including insurance costs) to operate and maintain the two facilities, as determined in the annual budget of the Authority. Contributions received by the Authority in 2023 totaled \$243,731 of which the District's allocable share was \$30,188, which is included under "Town Hall" and "maintenance facility" in the expenditure section of the financial statements. The Lakewood Ranch Town Center Owners Association, Inc., (TCOA), the successor entity to District 3, shares in this allocation. Total shared expenses paid by District 5 to District 2 and the Authority was therefore \$66,541.

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NOTES TO THE FINANCIAL STATEMENTS  
LAKEWOOD RANCH, FLORIDA**

The 2023 equivalent dwelling units (EDUs) for allocation purposes were as follows:

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

The future debt service requirements on District 2’s 2012 Notes (and the District’s share based on the 2023 EDU allocation) are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>District 5 14.15%</b>
2024	\$ 245,000	\$ 11,583	\$ 256,583	\$ 36,307
2025	250,000	5,850	255,850	36,203
<b>Total</b>	<b>\$ 495,000</b>	<b>\$ 17,433</b>	<b>\$ 512,433</b>	<b>\$ 72,510</b>

**Landscape Contracts**

District 2 manages a landscape contract for the benefit of the District and other entities, including District 6. Total revenue for District 2 from the arrangement is \$29,100, of which the District’s cost of \$51,640, less the overpayments described below, is included in maintenance and operations in the accompanying financial statements. Overpayments totaling \$7,925 were paid back to the District under this arrangement and included in “other revenues” at September 30, 2023.

**Short-Term Contractor Land Lease**

Other revenues collected by District 2 under a short-term contractor land lease were \$18,413 in total and the amount paid back to the District totaled \$2,605 for 2023. This amount is included in “other revenues” at year-end.

**Note 8 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. In prior years, the District incurred significant costs for drainage repairs, which were not covered by commercial insurance.

**Note 9 - Subsequent Events**

No subsequent events have occurred between September 30, 2023, and the date of the release of the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAKWOOD RANCH COMMUNITY DEVELOPMENT DISTRICT 5**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Assessments	\$ 2,805,810	\$ 2,805,810	\$ 2,926,607	\$ 120,797
Contributions	27,000	27,000	27,000	-
Interest	2,000	2,000	170,183	168,183
Other Revenues	16,740	16,740	47,066	30,326
<b>Total Revenues</b>	<u>2,851,550</u>	<u>2,851,550</u>	<u>3,170,856</u>	<u>319,306</u>
<b>Expenditures</b>				
Current:				
General Government:				
Town Hall	30,190	30,190	30,188	2
Maintenance Facility	36,300	36,300	36,353	(53)
Other Administration	231,520	246,520	316,825	(70,305)
Maintenance and Operations	2,382,290	2,946,290	2,163,895	782,395
Special Projects	20,000	20,000	-	20,000
Reserves	400,000	400,000	-	400,000
<b>(Total Expenditures)</b>	<u>(3,100,300)</u>	<u>(3,679,300)</u>	<u>(2,547,261)</u>	<u>1,132,039</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(248,750)</u>	<u>(827,750)</u>	<u>623,595</u>	<u>1,451,345</u>
<b>Other Financing Sources (Uses)</b>				
Transfer (out)	(4,250)	(4,250)	-	4,250
Carry Forward Surplus:				
Road Reserves	253,000	503,000	-	(503,000)
Unrestricted	-	329,000	-	(329,000)
<b>Total Other Financing Sources (Uses)</b>	<u>248,750</u>	<u>827,750</u>	<u>-</u>	<u>(827,750)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623,595</u>	<u>\$ 623,595</u>

## **OTHER INFORMATION**

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

Board of Supervisors  
Lakewood Ranch Community Development District 5  
Lakewood Ranch, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lakewood Ranch Community Development District 5 (the District) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 1, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

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Board of Supervisors  
Lakewood Ranch Community Development District 5  
Lakewood Ranch, Florida

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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



February 1, 2024  
Sarasota, Florida

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

Board of Supervisors  
Lakewood Ranch Community Development District 5  
Lakewood Ranch, Florida

We have examined the Lakewood Ranch Community Development District 5’s (the District’s) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2023. Management is responsible for the District’s compliance with those requirements. Our responsibility is to express an opinion on the District’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the District’s compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2023.

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



February 1, 2024  
Sarasota, Florida

## MANAGEMENT LETTER

Board of Supervisors  
Lakewood Ranch Community Development District 5  
Lakewood Ranch, Florida

### Report on the Financial Statements

We have audited the financial statements of the Lakewood Ranch Community Development District 5 (the District) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 1, 2024.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated February 1, 2024, 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 made in the preceding financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 of the District's financial statements for this information. There are no component units related to the District.

### Financial Condition and Management

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

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### MANAGEMENT LETTER

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

The specific information below has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

- a. The total number of District employees compensated in the last pay period of the District's fiscal year as 5.
- b. The total number of independent contractors to whom non-employee 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 \$22,200.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$18,384.
- e. No construction projects with a total cost of at least \$65,000 approved by the District 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. This information is included as a budget to actual schedule in the required supplementary information on page 27.

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

- a. The rate of non-ad valorem special assessments imposed by the District as of September 30, 2023, as an average rate of \$3,136.
- b. The total amount of special assessments collected by or on behalf of the District as of September 30, 2023, as \$3,486,506.
- c. Total outstanding bonds as of September 30, 2023, as \$2,440,000 with an interest rate of 2.44% and maturity date of May 1, 2031.

Board of Supervisors  
Lakewood Ranch Community Development District 5  
Lakewood Ranch, Florida

## MANAGEMENT LETTER

### Additional Matters

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

### Purpose of this Letter

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

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



February 1, 2024  
Sarasota, Florida

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