



**Babcock Ranch Community  
Independent Special District**

**FINANCIAL STATEMENTS**

**September 30, 2024**



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Supervisors  
Babcock Ranch Community Independent Special District  
Charlotte County, Florida

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Babcock Ranch Community Independent Special District (hereinafter referred to as "District"), as of and for the year ended September 30, 2024, 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, the business-type activities, each major fund and the aggregate remaining fund information of the District as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **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 other 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.

#### **Emphasis of Matter**

As discussed in Note 2 to the financial statements, the District identified a correction of an error in the current year to the prior year financial statements. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management 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.

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.

## **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 substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgement 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, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis as required by the Florida Single Audit Act and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2025, 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  
September 23, 2025



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

## **Babcock Ranch Community Independent Special District Management’s Discussion and Analysis**

Our discussion and analysis of the Babcock Ranch Community Independent Special District’s financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the District’s financial statements, which begin on page 11.

### **FINANCIAL HIGHLIGHTS**

- At September 30, 2024, the assets of the District as a whole exceeded its liabilities and deferred inflows of resources by approximately \$43.6 million. For the governmental activities at September 30, 2024, the assets of the District exceed its liabilities and deferred inflows of resources by approximately \$67.7 million. For the business-type activities at September 30, 2024, the liabilities and deferred inflows of resources of the District exceed its assets by approximately \$24.1 million (deficit).
- During the fiscal year ended September 30, 2024, the District received loan (lease) proceeds of \$2.9 million and made draws on the SIB loan totaling approximately \$2.45 million.
- During the fiscal year ended September 30, 2024, the District paid approximately \$7.35 million of interest expenditures, repaid approximately \$4.9 million of outstanding long-term principal and incurred approximately \$52.6 million of capital outlay expenditures related primarily to work in progress on the infrastructure project. In addition, the District received developer contributions of infrastructure for approximately \$38.5 million and conveyed approximately \$21.8 million of offsite infrastructure improvements to Charlotte and Lee Counties.
- During the fiscal year ended September 30, 2024, the District expended grant funds of approximately \$3.5 million related to a state-funded agreement with the Florida Department of Transportation to widen and reconstruct State Road 31 in Lee and Charlotte Counties.

### **USING THE ANNUAL REPORT**

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

#### ***Reporting the District as a Whole***

Our analysis of the District as a whole begins on page 6. One of the most important questions asked about the District’s finances is, “Is the District as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the

## **Babcock Ranch Community Independent Special District Management's Discussion and Analysis**

District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

Our analysis of the District's major funds begins on page 8. The fund financial statements begin on page 13 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. The District's funds are comprised of governmental fund-types and proprietary (business-type) funds.

- ***Governmental funds*** – Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- ***Proprietary funds*** – When the District charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund, a type of proprietary fund, is the same as the business-type activities we report in the government wide statements but provides more detail and additional information, such as cash flows.

## Babcock Ranch Community Independent Special District Management's Discussion and Analysis

### THE DISTRICT AS A WHOLE

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

<i>September 30,</i>	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$ 30,214	\$ 64,752	\$ 4,308	\$ 3,613	\$ 34,522	\$ 68,365
Capital assets, net	219,091	150,232	-	-	219,091	150,232
<b>Total assets</b>	<b>\$ 249,305</b>	<b>\$214,984</b>	<b>\$ 4,308</b>	<b>\$ 3,613</b>	<b>\$253,613</b>	<b>\$218,597</b>
<b>Liabilities</b>						
Current liabilities	\$ 17,276	\$ 12,261	\$ 28,378	\$ 22,171	\$ 45,654	\$ 34,432
Other liabilities	161,302	161,179	-	-	161,302	161,179
<b>Total liabilities</b>	<b>178,578</b>	<b>173,440</b>	<b>28,378</b>	<b>22,171</b>	<b>206,956</b>	<b>195,611</b>
<b>Deferred inflows of resources</b>						
Deferred inflows related to leases	2,355	2,384	-	-	2,355	2,384
Deferred inflows of resources	674	617	37	86	711	703
<b>Total deferred inflows of resources</b>	<b>3,029</b>	<b>3,001</b>	<b>37</b>	<b>86</b>	<b>3,066</b>	<b>3,087</b>
<b>Net position</b>						
Net investment in capital assets	75,635	41,944	-	-	75,635	41,944
Restricted for:						
Debt service	13,240	2,183	-	-	13,240	2,183
Capital projects	426	3	-	-	426	3
Unrestricted (deficit)	(21,603)	(5,587)	(24,107)	(18,644)	(45,710)	(24,231)
<b>Total net position (deficit) (restated 2023)</b>	<b>67,698</b>	<b>38,543</b>	<b>(24,107)</b>	<b>(18,644)</b>	<b>43,591</b>	<b>19,899</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 249,305</b>	<b>\$214,984</b>	<b>\$ 4,308</b>	<b>\$ 3,613</b>	<b>\$253,613</b>	<b>\$218,597</b>

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

During the fiscal year ended September 30, 2024, total assets and liabilities increased by approximately \$35 million and \$11.3 million, respectively, over the prior fiscal year. The increase in assets and liabilities is primarily due to the continued infrastructure construction during the fiscal year and draws made on the SIB Loan and current liabilities increasing for the governmental and business-type activities for the year. The business-type operations continue to sustain losses each year resulting in increased lease liabilities.

## Babcock Ranch Community Independent Special District Management's Discussion and Analysis

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

<i>For the year ended September 30,</i>	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Revenue:</b>						
Program revenue:						
Charges for services	\$ 13,892	\$ 9,215	\$ 26,311	\$ 14,161	\$ 40,203	\$ 23,376
Grants and contributions	54,664	10,719	-	-	54,664	10,719
General revenue:						
Cost sharing and other revenue	3,068	1,550	-	-	3,068	1,550
<b>Total revenue</b>	<b>71,624</b>	<b>21,484</b>	<b>26,311</b>	<b>14,161</b>	<b>97,935</b>	<b>35,645</b>
<b>Expenses:</b>						
General government	3,416	2,114	-	-	3,416	2,114
Conveyance of capital assets	21,830	-	-	-	21,830	-
Maintenance and operations	9,292	6,399	-	-	9,292	6,399
Utilities	-	-	30,128	19,250	30,128	19,250
Solid waste	-	-	1,646	1,045	1,646	1,045
Bond issue costs	10	35	-	-	10	35
Unallocated amortization	534	108	-	-	534	108
Interest	7,387	7,188	-	-	7,387	7,188
<b>Total expenses</b>	<b>42,469</b>	<b>15,844</b>	<b>31,774</b>	<b>20,295</b>	<b>74,243</b>	<b>36,139</b>
Change in net position	29,155	5,640	(5,463)	(6,134)	23,692	(494)
Net position (deficit), beginning as restated	38,543	32,903	(18,644)	(12,510)	19,899	20,393
<b>Net position (deficit), ending as restated</b>	<b>\$ 67,698</b>	<b>\$ 38,543</b>	<b>\$ (24,107)</b>	<b>\$ (18,644)</b>	<b>\$ 43,591</b>	<b>\$ 19,899</b>

For more detailed information, see the accompanying Statement of Activities. Beginning net position for governmental activities has been restated effective October 1, 2023 as a result of correction of an error in reporting for prepaid assets held with FDOT for the SIB loan and related SIB loan balances. See Note 2 for additional information.

Total revenue increased by approximately \$62.3 million from the prior year and expenses increased by approximately \$38.1 million over the prior year. The increase in revenue is primarily due to charges for services, developer contributions, and grant revenues as the District expands. The increase in government activity and business-type expense is due to increased general and operational costs, conveyance of capital, and increased utility and solid waste costs, respectively. The overall result was an approximate \$29.1 million increase and \$5.4 million decrease in net position for governmental and business-type activities, respectively for fiscal year 2024.

# Babcock Ranch Community Independent Special District Management’s Discussion and Analysis

## THE DISTRICT’S FUNDS

### **Governmental Funds**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of approximately \$12.9 million, which is a decrease of approximately \$39.1 million from last year’s balance, as restated, of approximately \$52.0 million. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2024, the District received loan (lease) proceeds of \$2.9 million and made draws on the SIB loan totaling approximately \$2.46 million.
- During the fiscal year ended September 30, 2024, the District paid approximately \$7.35 million of interest expenditures, repaid approximately \$4.9 million of outstanding long-term principal and incurred approximately \$52.7 million of capital outlay expenditures related primarily to work in progress on the infrastructure project.
- During the fiscal year ended September 30, 2024, the District expended grant funds of approximately \$3.5 million related to a state-funded agreement with the Florida Department of Transportation to widen and reconstruct State Road 31 in Lee and Charlotte Counties.

### **Proprietary Fund**

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

- During the year ended September 30, 2024, the District obtained approximately \$25.0 million and \$1.3 million in revenues and incurred approximately \$30.1 million and \$1.6 million of water, sewer and irrigation utilities and solid waste expenditures, respectively.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### **Capital Assets**

At September 30, 2024, the District had approximately \$219.1 million invested in capital assets. This amount represents a net increase of approximately \$68.9 million over the fiscal year 2023 total. A listing of capital assets by major category for the current and prior year follows (in thousands).

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<i>September 30,</i>						
Right-to-use assets, net	\$ 3,072	\$ 325	\$ -	\$ -	\$ 3,072	\$ 325
Capital assets not being depreciated	99,078	133,841	-	-	99,078	133,841
Capital assets being depreciated	116,941	16,066	-	-	116,941	16,066
Net capital assets	\$ 219,091	\$150,232	\$ -	\$ -	\$219,091	\$150,232

More information about the District's capital assets is presented in Note 5 to the financial statements.

## Babcock Ranch Community Independent Special District Management's Discussion and Analysis

### **Debt and Lease Liabilities**

At September 30, 2024, the District had approximately \$160.4 million in long-term debt and lease liabilities outstanding. This amount represents a net increase of approximately \$451,000 over the fiscal year 2023 total. A listing of debt amount outstanding for the current and prior year is as follows (in thousands):

<i>September 30,</i>	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Series 2015	\$ 17,290	\$ 17,685	\$ -	\$ -	\$ 17,290	\$ 17,685
Series 2018	1,895	1,935	-	-	1,895	1,935
Series 2018 Assessment Area 2B	3,480	3,550	-	-	3,480	3,550
Series 2018 Assessment Area 3A	11,640	11,835	-	-	11,640	11,835
Series 2018 Assessment Area 4	2,960	3,015	-	-	2,960	3,015
Series 2020 Assessment Area 2C	4,840	4,945	-	-	4,840	4,945
Series 2020 Assessment Area 3A	7,880	8,060	-	-	7,880	8,060
Series 2020 Assessment Area 3B	2,395	2,445	-	-	2,395	2,445
Series 2021	20,960	21,420	-	-	20,960	21,420
Series 2022	79,255	80,515	-	-	79,255	80,515
SIB Loan payable	1,943	953	-	-	1,943	953
Note Series 2023A & B	2,962	3,500	-	-	2,962	3,500
Lease liabilities	2,931	122	-	-	2,931	122
	<b>\$ 160,431</b>	<b>\$ 159,980</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 160,431</b>	<b>\$ 159,980</b>

More information about the District's long-term debt and lease liabilities is presented in Note 7 to the financial statements.

### **GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS**

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 46.

The District experienced an unfavorable variance of \$2.3 million in revenue and an unfavorable variance of \$420,395 in expenditures as compared to the budget. The District experienced a favorable variance of \$2.9 million for other financing sources for funds not budgeted for interfund transfers and a lease obtained for the sport field lights, scoreboard, field house lights and parking lot lights. The variance in revenue resulted primarily from the District needing less developer contributions than budgeted to fund the deficit in the current year and the District receiving less prepaid lot assessments than budgeted. The variance in expenditures is primarily due to principal and interest not included in the budget. In addition, the budget did not include lease costs (offset by lease proceeds noted above) to obtain the new lease for the sport field lights, scoreboard, field house lights and parking lot lights.

## **Babcock Ranch Community Independent Special District Management's Discussion and Analysis**

### **FUTURE FINANCIAL FACTORS**

Babcock Ranch Community Independent Special District is an independent special district that operates under the provisions of Chapter 189, Florida Statutes, pursuant to Chapter 2007-306 Babcock Ranch Community Independent Special District Act. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2024 were established to provide for the operations of the District as well as the necessary debt service requirements.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## **Basic Financial Statements**

## Babcock Ranch Community Independent Special District Statement of Net Position

September 30,

2024

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,446,811	\$ 1,733,380	\$ 6,180,191
Cash - restricted	834,507	-	834,507
Investments	20,390,445	-	20,390,445
Accounts receivable	184,188	2,378,576	2,562,764
Due from developer	1,834,511	-	1,834,511
Prepaid expenses	6,903	195,599	202,502
Deposits	2,655	-	2,655
Other prepaid assets	158,202	-	158,202
Lease receivable	2,355,654	-	2,355,654
Capital assets:			
Right-to-use subscription assets, net	217,007	-	217,007
Right-to-use lease assets, net	2,854,583	-	2,854,583
Not being depreciated	99,078,404	-	99,078,404
Depreciable, net	116,941,063	-	116,941,063
<b>Total assets</b>	<b>249,304,933</b>	<b>4,307,555</b>	<b>253,612,488</b>
<b>Liabilities</b>			
Accounts payable	3,407,844	282,089	3,689,933
Accrued interest payable	3,005,382	-	3,005,382
Accrued contracts payable	5,459,678	-	5,459,678
Accrued lease payable	-	27,706,536	27,706,536
Subscription liability	63,594	-	63,594
Lease liability	65,336	-	65,336
Retainage payable	3,850,663	-	3,850,663
Developer deposits	1,034,507	-	1,034,507
Customer deposits payable	-	389,336	389,336
Due to other government	388,553	-	388,553
Non-current liabilities:			
Developer advances	1,000,000	-	1,000,000
Bonds and loan payable - due within one year	2,999,292	-	2,999,292
Bonds payable - due in more than one year	152,641,508	-	152,641,508
Lease liability - due in more than one year	2,801,980	-	2,801,980
Loan payable - due in more than one year	1,859,147	-	1,859,147
<b>Total liabilities</b>	<b>178,577,484</b>	<b>28,377,961</b>	<b>206,955,445</b>
<b>Deferred inflow of resources</b>			
Deferred inflows related to leases	2,355,654	-	2,355,654
Deferred revenue	673,563	36,723	710,286
<b>Total deferred inflow of resources</b>	<b>3,029,217</b>	<b>36,723</b>	<b>3,065,940</b>
<b>Net position (deficit)</b>			
Net investment in capital assets	75,635,494	-	75,635,494
Restricted for:			
Debt service	13,239,808	-	13,239,808
Capital projects	425,845	-	425,845
Unrestricted (deficit)	(21,602,915)	(24,107,129)	(45,710,044)
<b>Total net position (deficit)</b>	<b>\$ 67,698,232</b>	<b>\$ (24,107,129)</b>	<b>\$ 43,591,103</b>

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

## Babcock Ranch Community Independent Special District Statement of Activities

For the year ended September 30,

2024

Functions/Programs	Expenses	Charges for Services	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ (3,415,731)	\$ 1,075,310	\$ 1,149,163	\$ -	\$ (1,191,258)	\$ -	\$ (1,191,258)
Maintenance and operations	(9,291,571)	-	3,125,987	9,643,511	3,477,927	-	3,477,927
Cost of issuance	(10,000)	-	-	-	(10,000)	-	(10,000)
Conveyance of capital assets	(21,829,754)	-	-	38,566,470	16,736,716	-	16,736,716
Unallocated amortization	(533,940)	-	-	-	(533,940)	-	(533,940)
Interest	(7,386,636)	12,815,027	523,076	1,656,115	7,607,582	-	7,607,582
<b>Total governmental activities</b>	<b>(42,467,632)</b>	<b>13,890,337</b>	<b>4,798,226</b>	<b>49,866,096</b>	<b>26,087,027</b>	<b>-</b>	<b>26,087,027</b>
<b>Business-type activities:</b>							
Utilities	(30,128,386)	24,983,182	-	-	-	(5,145,204)	(5,145,204)
Solid waste	(1,646,458)	1,328,654	-	-	-	(317,804)	(317,804)
<b>Total business-type activities</b>	<b>(31,774,844)</b>	<b>26,311,836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,463,008)</b>	<b>(5,463,008)</b>
<b>Total primary government</b>	<b>\$ (74,242,476)</b>	<b>\$ 40,202,173</b>	<b>\$ 4,798,226</b>	<b>\$ 49,866,096</b>	<b>26,087,027</b>	<b>(5,463,008)</b>	<b>20,624,019</b>
<b>General revenue</b>							
Cost sharing and other revenue					3,068,107	-	3,068,107
<b>Total general revenue</b>					<b>3,068,107</b>	<b>-</b>	<b>3,068,107</b>
Change in net position					29,155,134	(5,463,008)	23,692,126
Net position (deficit) - beginning of year					38,098,968	(18,644,121)	19,454,847
Prior period adjustment (see Note 2)					444,130	-	444,130
<b>Net position (deficit) - beginning of year, as restated</b>					<b>38,543,098</b>	<b>(18,644,121)</b>	<b>19,898,977</b>
<b>Net position (deficit) - end of year</b>					<b>\$ 67,698,232</b>	<b>\$ (24,107,129)</b>	<b>\$ 43,591,103</b>

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

## Babcock Ranch Community Independent Special District Balance Sheet – Governmental Funds

September 30,

2024

	General	Debt Service	Capital Projects	Nonmajor	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,944,967	\$ 2,501,844	\$ -	\$ -	\$ 4,446,811
Cash - restricted	-	-	834,507	-	834,507
Investments	-	9,713,202	10,677,243	-	20,390,445
Accounts receivable	52,098	83,584	-	-	135,682
Due from developer	859,527	15,147	1,628,004	62,273	2,564,951
Due from other entity	-	-	34	-	34
Deposits	2,655	-	-	40	2,695
Prepaid expenses	6,903	-	-	-	6,903
Other prepaid assets	-	-	158,162	-	158,162
Due from other funds	-	-	-	63,732	63,732
<b>Total assets</b>	<b>\$ 2,866,150</b>	<b>\$ 12,313,777</b>	<b>\$ 13,297,950</b>	<b>\$ 126,045</b>	<b>\$ 28,603,922</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,569,227	\$ 32,488	\$ 1,737,866	\$ 67,081	\$ 3,406,662
Retainage payable	-	-	3,847,385	3,278	3,850,663
Contracts payable	-	-	5,459,678	-	5,459,678
Developer deposits	200,000	-	834,507	-	1,034,507
Due to developer	-	-	-	683,150	683,150
Due to other governments	388,553	-	-	-	388,553
Due to other funds	63,732	-	-	-	63,732
<b>Total liabilities</b>	<b>2,221,512</b>	<b>32,488</b>	<b>11,879,436</b>	<b>753,509</b>	<b>14,886,945</b>
<b>Deferred inflows of resources</b>					
Deferred revenue	644,638	34,150	-	126,331	805,119
<b>Total deferred inflows of resources</b>	<b>644,638</b>	<b>34,150</b>	<b>-</b>	<b>126,331</b>	<b>805,119</b>
<b>Fund balance (Deficit)</b>					
Nonspendable	9,558	-	-	-	9,558
Restricted for debt service	-	12,247,139	992,669	-	13,239,808
Restricted for capital projects	-	-	425,845	-	425,845
Unassigned	(9,558)	-	-	(753,795)	(763,353)
<b>Total fund balance (deficit)</b>	<b>-</b>	<b>12,247,139</b>	<b>1,418,514</b>	<b>(753,795)</b>	<b>12,911,858</b>
<b>Total liabilities, deferred inflows of resources and fund balance (deficit)</b>	<b>\$ 2,866,150</b>	<b>\$ 12,313,777</b>	<b>\$ 13,297,950</b>	<b>\$ 126,045</b>	<b>\$ 28,603,922</b>

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

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

<i>September 30,</i>	<b>2024</b>
Total fund balances, governmental funds	\$ 12,911,858
Capital assets, subscription assets, and deposits on capital improvements used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	219,091,057
Lease receivables in governmental activities are not current financial resources and therefore are not reported in the fund financial statements.	2,355,654
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(164,436,239)
Revenue reported in the Statement of Activities that was not collected within 90 days of the current year-end was deferred in the fund financial statements.	131,556
Deferred inflows related to leases will not be collected within 90 days after the close of the District's fiscal year-end and are not considered as "available" revenue in the governmental funds and, therefore, are reported as deferred inflows of resources.	(2,355,654)
Total net position - governmental activities	\$ 67,698,232

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

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

For the year ended September 30,

**2024**

	General	Debt Service	Capital Projects	Nonmajor	Total Governmental Funds
<b>Revenue</b>					
Assessments	\$ 4,000,398	\$ 10,063,042	\$ 34,174	\$ -	\$ 14,097,614
Developer contributions	4,286,172	-	8,944,720	-	13,230,892
Cost sharing and other revenue	2,756,471	-	-	376,779	3,133,250
Interest	-	457,942	1,656,115	-	2,114,057
Prepayment revenue	-	-	572,460	-	572,460
<b>Total revenue</b>	<b>11,043,041</b>	<b>10,520,984</b>	<b>11,207,469</b>	<b>376,779</b>	<b>33,148,273</b>
<b>Expenditures</b>					
Current:					
General government	3,411,516	-	-	-	3,411,516
Maintenance and operations	6,896,552	-	-	648,498	7,545,050
Capital outlay	2,878,571	-	49,026,824	750,486	52,655,881
Debt service:					
Bond issue costs	-	10,000	-	-	10,000
Developer repayment	-	-	1,746,521	-	1,746,521
Principal	608,396	2,810,000	1,472,679	-	4,891,075
Interest	151,945	7,164,684	34,140	-	7,350,769
<b>Total expenditures</b>	<b>13,946,980</b>	<b>9,984,684</b>	<b>52,280,164</b>	<b>1,398,984</b>	<b>77,610,812</b>
Excess (deficit) of revenue over expenditures	(2,903,939)	536,300	(41,072,695)	(1,022,205)	(44,462,539)
<b>Other Financing Sources (Uses)</b>					
Debt proceeds	-	-	2,462,889	-	2,462,889
Interfund transfers-in	25,816	-	-	382,330	408,146
Interfund transfers-out	-	-	(408,146)	-	(408,146)
Lease proceeds	2,878,571	-	-	-	2,878,571
<b>Total other financing sources (uses)</b>	<b>2,904,387</b>	<b>-</b>	<b>2,054,743</b>	<b>382,330</b>	<b>5,341,460</b>
Net change in fund balances	448	536,300	(39,017,952)	(639,875)	(39,121,079)
Fund balance, beginning of year	(448)	11,710,839	44,051,701	(113,920)	55,648,172
Prior period adjustment (See Note 2)	-	-	(3,615,235)	-	(3,615,235)
Adjusted fund balance, beginning of year, as restated	(448)	11,710,839	40,436,466	(113,920)	52,032,937
Fund balance (deficit), end of year	\$ -	\$ 12,247,139	\$ 1,418,514	\$ (753,795)	\$ 12,911,858

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

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

<i>For the year ended September 30,</i>	<b>2024</b>
Net change in fund balances - governmental funds	\$ (39,121,079)
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Position.	52,655,881
Capital assets conveyed to the County are reported as an expense for governmental activities in the Statement of Activities but not reported in the governmental funds	(21,829,754)
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.	4,891,075
Amortization of original issue discounts and premiums and subscription asset are not recognized in the governmental fund statements but are reported as an expense in the Statement of Activities.	(535,509)
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	(34,298)
Bond proceeds and original issue premium which are reported as other financing sources in the governmental funds are recognized as long-term liabilities in the Statement of Net Assets.	(5,341,460)
Certain revenue recognized on the accrual basis in the government wide financial statements are recorded on the modified accrual basis in a different year for governmental fund financial statements.	38,470,278
Change in net position of governmental activities	\$ 29,155,134

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

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

<i>September 30,</i>	<b>2024</b>		
	<b>Enterprise Funds</b>		
	<b>Utilities</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,688,634	\$ 44,746	\$ 1,733,380
Accounts receivable	2,314,471	64,105	2,378,576
Due from other enterprise funds	-	152	152
Due from governmental funds	-	-	-
Prepaid expenditures	195,599	-	195,599
<b>Total assets</b>	<b>4,198,704</b>	<b>109,003</b>	<b>4,307,707</b>
<b>Liabilities</b>			
Liabilities			
Accounts payable	281,748	341	282,089
Accrued lease payable	26,062,880	1,643,656	27,706,536
Deposits payable	389,336	-	389,336
Due to other enterprise funds	152	-	152
<b>Total liabilities</b>	<b>26,734,116</b>	<b>1,643,997</b>	<b>28,378,113</b>
Deferred inflows of resources			
Deferred revenue	36,723	-	36,723
<b>Total deferred inflows of resources</b>	<b>36,723</b>	<b>-</b>	<b>36,723</b>
<b>Net Position (Deficit)</b>			
Unrestricted	(22,572,135)	(1,534,994)	(24,107,129)
<b>Total net position (deficit)</b>	<b>(22,572,135)</b>	<b>(1,534,994)</b>	<b>(24,107,129)</b>
<b>Total liabilities and fund balance</b>	<b>\$ 4,198,704</b>	<b>\$ 109,003</b>	<b>\$ 4,307,707</b>

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

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

*For the year ended September 30,*

**2024**

	<b>Enterprise Funds</b>		
	<b>Utilities</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Revenue</b>			
Charges for services:			
Water, sewer and irrigation utilities	\$ 8,845,043	\$ -	\$ 8,845,043
Water, sewer and irrigation connection fees	16,138,139	-	16,138,139
Solid waste	-	1,328,654	1,328,654
<b>Total revenue</b>	<b>24,983,182</b>	<b>1,328,654</b>	<b>26,311,836</b>
<b>Operating expenses</b>			
Administrative and other	1,010,807	23,839	1,034,646
Water, sewer and irrigation utilities	29,117,579	-	29,117,579
Solid waste	-	1,622,619	1,622,619
<b>Total operating expenses</b>	<b>30,128,386</b>	<b>1,646,458</b>	<b>31,774,844</b>
Operating income (loss)	(5,145,204)	(317,804)	(5,463,008)
Net position (deficit), beginning of year	(17,426,931)	(1,217,190)	(18,644,121)
Net position (deficit), end of year	\$ (22,572,135)	\$ (1,534,994)	\$ (24,107,129)

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

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

	2024		
	Enterprise Fund		
	Utilities	Solid Waste	Total
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 23,430,879	\$ 1,301,681	\$ 24,732,560
Receipts from internal services provided	259,279	-	259,279
Payments to suppliers	(24,342,415)	(1,338,588)	(25,681,003)
<b>Net cash provided (used) by operating activities</b>	<b>(652,257)</b>	<b>(36,907)</b>	<b>(689,164)</b>
Net increase in cash and cash equivalents	(652,257)	(36,907)	(689,164)
Cash and cash equivalents, beginning of year	2,340,891	81,653	2,422,544
Cash and cash equivalents, end of year	\$ 1,688,634	\$ 44,746	\$ 1,733,380

(continued)

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

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

<i>For the year ended September 30,</i>	<b>2024</b>		
	<b>Enterprise Fund</b>		
	<b>Utilities</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (5,145,204)	\$ (317,804)	\$ (5,463,008)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in operating assets and liabilities:			
Accounts receivable	(1,360,959)	(26,821)	(1,387,780)
Due from other enterprise funds	-	(152)	(152)
Due from governmental funds	17,896	-	17,896
Prepaid expenses	(9,100)	-	(9,100)
Accounts payable	81,538	(748)	80,790
Accrued lease expenses	5,695,485	313,866	6,009,351
Deposits payable	117,057	-	117,057
Due to other enterprise funds	152	-	152
Due to governmental funds	-	(5,248)	(5,248)
Deferred revenue	(49,122)	-	(49,122)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (652,257)</b>	<b>\$ (36,907)</b>	<b>\$ (689,164)</b>

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

## **Babcock Ranch Community Independent Special District Notes to Financial Statements**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Nature of the Organization***

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

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

#### ***Reporting Entity***

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

The Board has the final responsibility for:

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

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

#### ***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 nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

#### ***Measurement Focus, Basis of Accounting and Basis of Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provider have been met.

The 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 government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

#### ***Government-Wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds and internal service funds, while business-type activities incorporate the District's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the District's wastewater and sanitation services functions and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### ***Fund Financial Statements***

The fund financial statements provide information about the District's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

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

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

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary funds include the following enterprise fund type:

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

*Solid Waste Fund* – The Solid Waste Fund is used to account for the operations that provide solid waste utilities within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

### ***Budgetary Information***

#### ***Budgetary Basis of Accounting***

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with generally accepted accounting principles 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.

## **Babcock Ranch Community Independent Special District Notes to Financial Statements**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *Budgetary Basis of Accounting (continued)*

- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

#### *Excess of Expenditures over Appropriations*

For the year ended September 30, 2024, actual expenditures exceeded budgeted appropriations in the General Fund by \$420,395 primarily due to capital outlay acquired from a lease for sport field lighting and other equipment for \$2,878,571 which also has a correlating other financing source from lease proceeds.

#### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance***

##### *Cash, Deposits and Investments*

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

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

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

##### *Receivables*

Accounts receivable - The water and sewer receivables are shown net of an allowance for uncollectible accounts. Since management considers all receivables to be collectible at September 30, 2024, no allowance has been established at this time. Billings are estimated at the year-end date for the time period since the last meter reading and are accrued as unbilled receivables which is included with accounts receivables.

Lease receivables - The District's lease receivables are measured at the present value of lease payments expected to be received during the lease term.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)*

##### *Prepaid Expenses*

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

##### *Interfund Activities and Transactions*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

##### *Capital Assets*

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems, right-to-use subscription assets, right-to-use lease assets, and similar assets), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual costs of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs. Buildings are currently the only depreciable assets as the majority of infrastructure improvements are in construction in progress. Buildings are depreciated over a 30-year period.

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

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)*

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.

#### *Long-term Obligations*

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

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

#### *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item at September 30, 2024.

In addition to liabilities, the accompanying Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2024, the District has reported deferred revenue as a deferred inflow of resources. Deferred revenue in the governmental funds represents amounts to fund fiscal year 2024 expenditures, but not collected within 90 days of year-end. Deferred revenue in the business-type activities represents prepaid tap fees. The deferred inflows related to leases are associated with amounts owed to the District, as lessor, by an entity leasing the District's capital assets.

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)*

##### *Leases*

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible right-to-use lease asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Right-to-use lease assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment. For the year ended September 30, 2024, the District determined the lease/operating agreements held for utilities and solid waste require reimbursement on actual variable costs and therefore have not recognized a lease liability for future minimum payments. The District has a noncancelable lease for sport field lighting; therefore, the District has recognized a lease liability for the present value of future payments and a right-to-use lease asset. The District also has numerous leases for street lighting throughout the District that allows either party to unilaterally terminate the agreements with sixty (60) days' advance notice. These lease agreements are paid monthly and do not require a lease liability or right-to-use lease asset in accordance with *GASB 87: Leases*.

##### *Categories and Classification of Net Position and Fund Balance*

*Net position flow assumption* – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund balance flow assumptions* – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various classifications based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

## **Babcock Ranch Community Independent Special District Notes to Financial Statements**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)***

The provisions of GASBC Section 1800, Classification and Terminology, specifies the following classifications:

*Nonspendable fund balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Unassigned fund balance* – *Unassigned fund balance is the residual classification for the General Fund.*

#### ***Use of Estimates***

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

#### ***Revenues and Expenditures/Expenses***

*Program revenues* – Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Property taxes* – Property taxes attach as an enforceable lien on real property and are levied as of January 1st. The tax levy is divided into two billings: the first billing (mailed in August) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed in November) reflects adjustments to the current year's actual levy. The tax billings are considered past due April 1st, at which time the applicable property is subject to lien, and penalties and interest are assessed.

*Proprietary funds operating and nonoperating revenues and expenses* – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Fund and Solid Waste funds are charges to customers for sales and services. The Wastewater System Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Net Investment in Capital Assets***

As of September 30, 2024	<b>Governmental Activities</b>
Capital assets, net	\$ 219,091,057
Less: Outstanding debt	(160,430,857)
Add: Unspent bond proceeds	16,975,294
Net Investment in capital assets	\$ 75,635,494

#### ***Recently Issued and Implemented Accounting Pronouncements***

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. See Note 2 for a prior period adjustment identified in the current year and relevant disclosures.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting.

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Subsequent Events*

Management has evaluated subsequent events through the date the financial statements were available to be issued, September 23 2025, and determined there was one event that occurred requiring disclosure. See Note 14 for the relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

### NOTE 2: PRIOR PERIOD ADJUSTMENT – ERROR CORRECTION

The District identified an error in reporting and accounting for prepaid assets held with Florida Department of Transportation (“FDOT”) for the State Infrastructure Bank (“SIB”) loan and related SIB loan balances for fiscal year September 30, 2023. In addition, developer payments received directly at FDOT for prepayment of the loans were not properly recognized as revenue by the District during fiscal year 2023. As a result, prepaid assets were overstated (Statement of Net Position and Balance Sheet - Capital Project Fund), loan payable was overstated (Statement of Net Position), principal payments were understated (Statement of Revenue, Expenditures, and Changes in Fund Balance - Capital Project Fund), and contractor revenues were understated (Statement of Activities and Statement of Revenue, Expenditures, and Changes in Fund Balance - Capital Project Fund). See chart below for additional details on the accounts impacted for the September 30, 2023 financial statements and restatement of beginning equity for the year ended September 30, 2024 financial statements.

	Governmental Activities		
	Original	Adjustment	Restated balance
<b>Statement of Net Position</b>			
Net position, September 30, 2023			
as previously reported	\$ 38,098,968	\$ 444,130	\$ 38,543,098
Cash and cash equivalents	8,736,813	(647,884)	8,088,929
Other prepaid assets	4,025,732	(2,967,351)	1,058,381
Loan payable - due in more than one year	5,012,594	(4,059,365)	953,229
<b>Statement of Activities</b>			
For the year ended September 30, 2023			
Capital grants and contributions	3,875,401	444,110	4,319,511

**Babcock Ranch Community Independent Special District  
Notes to Financial Statements**

**NOTE 2: PRIOR PERIOD ADJUSTMENT – ERROR CORRECTION (Continued)**

	Capital Projects Fund		
	Original	Adjustment	Restated balance
<b>Balance Sheet Governmental Funds</b>			
Fund Balance, September 30, 2023			
as previously reported	\$ 44,051,701	\$ (3,615,235)	\$ 40,436,466
Cash and cash equivalents	4,116,374	(647,884)	3,468,490
Other prepaid assets	4,025,732	(2,967,351)	1,058,381
<b>Statement of Revenue, Expenditures and Changes in Fund Balance</b>			
For the year ended September 30, 2023			
Debt service: Principal payments	702,955	3,411,481	4,114,436
Prepayment revenue	116,385	444,110	560,495
Other financing sources: debt proceeds	8,312,590	(647,884)	7,664,706

**NOTE 3: INVESTMENTS**

All investments held at September 30, 2024 consist of money market funds in which shares are owned in the fund rather than the underlying investments. In accordance with GASB 72, *Fair Value Measurement and Application*, these amounts are reported at amortized cost.

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

<i>September 30,</i>	<b>2024</b>	<b>Credit Risk</b>	<b>Weighted Average Maturities</b>
Short-term Money Market Funds	\$ 20,390,445	S&P AAAM	47 days

*Custodial credit risk* – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2024, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

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

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

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 3: INVESTMENTS (Continued)

*Credit risk* – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The District’s investment policy limit investments to securities with specific ranking criteria.

### NOTE 4: RECEIVABLES

#### *Accounts Receivable*

For the Wastewater and Sewer Utility System and Solid Waste System Funds operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2024 (unbilled receivable), is estimated and accrued at year end. The District deems all amounts collectable therefore an allowance for doubtful accounts is not necessary. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

#### *Lease Receivable*

The District leases a storm shelter to Babcock Neighborhood School (an unrelated party). The real property is used by the lessee for school and gymnasium use. The District’s lease receivable is measured at the present value of lease payments expected to be received during the lease term, including options reasonably certain to be exercised. The lease term is perpetual, however management anticipates 30 years for the lease term commencing in 2022. The discount rate used to calculate present value of the lease payments is 2.75%, which is the District’s incremental borrowing rate for bonds in 2022. The lease also contains a CPI inflation factor requiring annual incremental increases of a minimum 2% and maximum 5% depending on CPI for the year. For present value calculations, the minimum required 2% increase is included in the lease liability. Variations from the 2% minimum increase will be recognized through changes in inflows of resources in the period the increase occurs.

The lease also requires variable lease payments from the lessee for shared maintenance costs. The District recognized shared maintenance lease revenue totaling \$254,232 and base lease revenue of \$95,184 for total lease revenue of \$349,416. The total inflows of resources for the base lease amounts recognized and reflected in the financial statements were as follows:

<i>September 30, 2024</i>	
Principal	\$ 27,890
Interest	65,134
Variable payments	2,160
<hr/>	
Total	\$ 95,184

**Babcock Ranch Community Independent Special District  
Notes to Financial Statements**

**NOTE 4: RECEIVABLES (Continued)**

Future principal and interest lease income payments (excluding variable maintenance fees) as of September 30, 2024 are as follows:

<i>Fiscal year ending September 30,</i>	Principal	Interest	Total
2025	\$ 30,557	\$ 64,327	\$ 94,884
2026	33,336	63,446	96,782
2027	36,232	62,486	98,718
2028	39,247	61,445	100,692
2029	42,387	60,319	102,706
2030-2034	263,686	281,490	545,176
2035-2039	363,439	238,480	601,919
2040-2044	484,245	180,322	664,567
2045-2049	629,871	103,864	733,735
2050-2052	432,654	16,760	449,414
<b>Total</b>	<b>\$ 2,355,654</b>	<b>\$ 1,132,939</b>	<b>\$ 3,488,593</b>

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 5: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2024:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated</i>				
Construction in progress	\$ 133,840,624	\$ 49,777,310	\$ (84,539,530)	\$ 99,078,404
<b>Total capital assets, not being depreciated</b>	<b>133,840,624</b>	<b>49,777,310</b>	<b>(84,539,530)</b>	<b>99,078,404</b>
<i>Capital assets being depreciated</i>				
Buildings	16,066,479	-	-	16,066,479
Infrastructure	-	38,566,470	62,709,776	101,276,246
<b>Total capital assets, being depreciated</b>	<b>16,066,479</b>	<b>38,566,470</b>	<b>62,709,776</b>	<b>117,342,725</b>
<i>Less accumulated depreciation</i>				
Buildings	-	(401,662)	-	(401,662)
<b>Total accumulated depreciation</b>	<b>-</b>	<b>(401,662)</b>	<b>-</b>	<b>(401,662)</b>
<b>Total capital assets, being depreciation, net</b>	<b>16,066,479</b>	<b>38,164,808</b>	<b>62,709,776</b>	<b>116,941,063</b>
<i>Right-to-use assets being amortized</i>				
Subscription-based information technology	542,483	-	-	542,483
Right-of-use lease assets, net	-	2,878,571	-	2,878,571
<b>Total right-to-use assets being amortized</b>	<b>542,483</b>	<b>2,878,571</b>	<b>-</b>	<b>3,421,054</b>
<i>Less accumulated amortization</i>				
Subscription-based information technology	(216,984)	(108,492)	-	(325,476)
Right-of-use lease assets, net	-	(23,988)	-	(23,988)
<b>Total accumulated amortization</b>	<b>(216,984)</b>	<b>(132,480)</b>	<b>-</b>	<b>(349,464)</b>
<b>Total right-to-use subscription based assets being amortized, being depreciated, net</b>	<b>325,499</b>	<b>2,746,091</b>	<b>-</b>	<b>3,071,590</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 150,232,602</b>	<b>\$ 90,688,209</b>	<b>\$ (21,829,754)</b>	<b>\$ 219,091,057</b>

The District conveyed approximately \$21.8 million of offsite infrastructure improvements to Charlotte and Lee Counties.

### NOTE 6: ACCRUED LEASE PAYABLE – UTILITIES AND SOLID WASTE

In January 2017, the District entered into a 30-year agreement with MSKP Town & Country Utility, LLC (“T&C”) and Babcock Ranch Irrigation, LLC (“BRI”), both entities affiliated with the Developer, to provide certain public services, including but not limited to water, wastewater and irrigation quality water service, within the boundaries of the District. The District took control of the water, sewer and irrigation utility services in February 2017, and as such recorded business-type revenue and expenses during the fiscal year ended September 30, 2024.

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 6: ACCRUED LEASE PAYABLE – UTILITIES AND SOLID WASTE (Continued)

In accordance with the agreement, the District must pay for T&C's actual variable cost of the property and operations each month plus a markup of 10.55% (return on equity). In addition, the agreement requires additional cost reimbursement for replacement or expansion capital expenditures incurred by the District including interest expense for payments in arrears. The agreement includes a purchase option and a put option enabling the District and T&C, respectively to have the right to enact the District to purchase the water and sewer property and operations. The District can exercise the purchase option any time after October 1, 2040, but before the termination or expiration of the agreement. T&C can exercise the put option any time before the termination or expiration of the agreement. In December 2020, the District received a validation final judgement on bonds totaling \$287,420,000, to cover estimated future cost of the water and sewer property including but not limited to real property, equipment, lines, easements, records, permits, software, and improvements.

In June 2018, the District entered into a 30-year agreement with Ecologic, which is affiliated with the Developer, to provide certain public services, including but not limited to solid waste disposal, within the boundaries of the District. The District took control of the solid waste disposal services in January 2018, and as such recorded business-type revenue and expenses during the fiscal year ended September 30, 2024.

In accordance with the agreement, the District must pay for Ecologic's actual variable cost of the property and operations each month plus a markup of 8.6% (return on equity). In addition, the agreement requires additional costs reimbursement for replacement or expansion expenditures incurred by the District including interest expense for payments in arrears. The agreement includes a purchase option and a put option enabling the District and the Ecologic, respectively to have the right to enact the District to purchase the solid waste property. The District can exercise the purchase option any time after October 1, 2040, but before the termination or expiration of the lease. The Ecologic can exercise the put option any time before the termination or expiration of the lease. In December 2020, the District received a validation final judgement on bonds totaling \$23,162,000, to cover the estimated cost of the solid waste property.

The utilities agreement requires interest to be paid on the accrued lease expense balance. As of September 30, 2024, the District has accrued lease expense balance due of \$27,706,536 for current year and prior year operations.

During the fiscal year ended September 30, 2024, the District incurred related variable lease expenses totaling approximately \$29.1 million and \$1.6 million, which are reported as water, sewer and irrigation utilities and solid waste, respectively, on the accompanying statement of activities and statement of revenue, expenses and changes in net position – proprietary funds. At September 30, 2024, the District owed approximately \$27.7 million in cumulative lease costs from current and prior year operations, which is reported as accrued lease payable on the accompanying statement of net position.

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 7: LONG-TERM DEBT AND LIABILITIES

#### *Bonds Payable*

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

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

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

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

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)

#### *Bonds Payable (Continued)*

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

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

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

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

## **Babcock Ranch Community Independent Special District Notes to Financial Statements**

### **NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)**

#### ***Bonds Payable (Continued)***

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

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

The Bond Indentures have established debt service reserve requirements as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with those requirements of the Bond Indentures at September 30, 2024.

#### ***Loans Payable***

On June 25, 2021, the District was approved for a State Infrastructure Bank (“SIB”) state funded line of credit loan up to \$31.3 million to fund certain roadway improvements in Lee and Charlotte Counties. The District anticipated costs totaling approximately \$62.7 million. The District began drawing on the SIB loan beginning in fiscal year ended September 30, 2022. The 20-year loan requires annual payments of principal and interest through June 2041 based on timing and amount of loan draws. The loan has a fixed interest rate of 3.63%. As of September 30, 2024, the loan payable balance is \$1,943,439, of which \$84,292 is due within one year and \$1,859,147 is due in more than one year as stated on the accompanying statement of net position. The loan initially required the first principal payment of approximately \$1.4 million due in 2025; however the District has not drawn down the loan as originally planned as of September 30, 2024; therefore the District’s annual revised payment schedule is approximately \$153,700 of principal and interest payments as of September 30, 2024. Payment amounts will fluctuate based on changes in amounts prepaid and balances due. The District may make prepayments on the loan without penalty but may only make prepayments on a quarterly basis.

## Babcock Ranch Community Independent Special District Notes to Financial Statements

### NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)

#### *Loans Payable (Continued)*

The District will repay the SIB loan by requiring the Developer to collect transportation fees upon the sale of lots and property to homebuilders. These fees are remitted to Florida Department of Transportation (FDOT) upon sale of lots and property. The District has committed to levying special assessments to cover any projected shortfall of transportation fees to cover the SIB loan payments, if any. FDOT has received advance payments from homebuilders totaling \$572,460 during the year and a portion has been utilized to pay the SIB loan payable balance. As of September 30, 2024, the District has \$158,162 in prepaid assets to reflect prepayments held with FDOT.

The District obtained Note Series 2023A and 2023B with a Bank for \$3,190,000 and \$310,000, respectively, to finance certain capital improvements such as lakeshore remediation, FEMA reimbursable projects, District infrastructure, and pay costs of issuance. The District began drawing on during the fiscal year ended September 30, 2023. The 5-year notes require semi-annual payments of interest on May 1 and November 1 each year through August 2028. A balloon payment of \$2,961,420 is due upon maturity August 21, 2028. Note Series 2023A and 2023B have fixed interest rates of 5.13% and 7.25%, respectively, and the notes are collateralized by O&M assessments levied against the benefited properties and reimbursements from FEMA. The Notes contain various loan covenants that the District must maintain. The District is in material compliance with the required loan covenants.

Long-term liability (excluding leases) activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
<b>Bonds and Notes Payable:</b>					
Series 2015	\$ 17,685,000	\$ -	\$ (395,000)	\$ 17,290,000	\$ 415,000
Series 2018	1,935,000	-	(40,000)	1,895,000	40,000
Series 2018 2B	3,550,000	-	(70,000)	3,480,000	70,000
Series 2018 3A	11,835,000	-	(195,000)	11,640,000	205,000
Series 2018 4	3,015,000	-	(55,000)	2,960,000	55,000
Series 2020 2C	4,945,000	-	(105,000)	4,840,000	105,000
Series 2020 3A	8,060,000	-	(180,000)	7,880,000	185,000
Series 2020 3B	2,445,000	-	(50,000)	2,395,000	55,000
Series 2021	21,420,000	-	(460,000)	20,960,000	470,000
Series 2022	80,515,000	-	(1,260,000)	79,255,000	1,315,000
Note Series 2023A & B	3,500,000	-	(538,492)	2,961,508	-
SIB Loan payable	953,229	2,462,889	(1,472,679)	1,943,439	84,292
	\$ 159,858,229	\$ 2,462,889	\$ (4,821,171)	\$ 157,499,947	\$ 2,999,292

**Babcock Ranch Community Independent Special District  
Notes to Financial Statements**

**NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)**

***Loans Payable (Continued)***

The balance of the long-term bonds and loans at September 30, 2024 is summarized as follows:

<i>September 30,</i>	<b>2024</b>
Bond principal balance	\$ 152,595,000
Loan principal balance	4,904,859
Less unamortized bond discounts	(740,461)
Add unamortized bond premiums	740,549
<b>Net debt balance</b>	<b>\$ 157,499,947</b>

At September 30, 2024, the scheduled debt service requirements on long-term debt were as follows:

<i>For the Year Ending September 30,</i>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2025	2,999,292	7,294,936	\$ 10,294,228
2026	3,127,394	7,170,774	10,298,168
2027	3,240,610	7,049,741	10,290,351
2028	6,335,364	6,969,309	13,304,673
2029	3,517,401	6,628,246	10,145,647
2030-2034	19,908,477	30,808,146	50,716,623
2035-2039	25,016,103	25,793,493	50,809,596
2040-2044	31,070,306	19,328,201	50,398,507
2045-2049	36,320,000	11,234,156	47,554,156
2050-2053	25,965,000	2,919,119	28,884,119
	<b>\$ 157,499,947</b>	<b>\$ 125,196,121</b>	<b>\$ 282,696,068</b>

***Subscription-Based Information Technology Arrangements***

The District has a software arrangement that requires recognition under GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITA)s*. The District entered into the five-year planning software arrangement in fiscal year 2021 with an annual payment of \$44,625 for year one, and payments ranging from \$60,410 - \$66,011 for years 2 through 5. The District may terminate the agreement with 60-day notice without further penalty; however, the District anticipated utilizing the software for the 5-year period. The District utilized a 4.45% discount rate for the SBITA based on its incremental borrowing rate during the same fiscal year to determine the present value of the intangible right-to-use asset and subscription liability. There is no option to purchase the software. There are no residual value guarantees in the agreement. In addition to the lease payments, the District incurred initial capitalizable setup costs of approximately \$257,000.

**Babcock Ranch Community Independent Special District  
Notes to Financial Statements**

**NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)**

***Subscription-Based Information Technology Arrangements (Continued)***

The following is a schedule of minimum future SBITA payments:

<i>Fiscal year ending September 30,</i>	Principal	Interest	Total
2025	\$ 63,594	\$ 2,868	\$ 66,462
<b>Total</b>	<b>\$ 63,594</b>	<b>\$ 2,868</b>	<b>\$ 66,462</b>

The District is reimbursed a portion of related cost for the subscription-based planning software and other related costs. The District covers approximately 25% of the costs and obtains reimbursement from the residential association, MSKP, Ecologic, and Kitson share for their portion of the total expense by 12.5%, 45%, 5%, and 12.5%, respectively. See Note 11 for additional details.

***Lease liability***

The District entered into a lease agreement in August 2024 to acquire sport field lights, scoreboard, field house lights and parking lot lights. The total payments made by the District for the fiscal year ended September 30, 2024 was \$46,378. The lease is for 20 years with the option to transfer (purchase) the assets at the end of the lease for \$5,000. The monthly payment amount is \$23,189 and an interest of 7.5%.

The following is a schedule of minimum future lease payments from lease agreements as of December 31:

<i>For the years ending December 31,</i>	Principal Payments	Interest Expense	Total
2025	\$ 65,336	\$ 212,932	\$ 278,268
2026	70,411	207,857	278,268
2027	75,879	202,389	278,268
2028	81,773	196,495	278,268
2029	88,124	190,144	278,268
2030-2034	554,561	836,779	1,391,340
2035-2039	806,080	585,260	1,391,340
2040-2044	1,125,152	219,810	1,344,962
<b>Total</b>	<b>\$ 2,867,316</b>	<b>\$ 2,651,666</b>	<b>\$ 5,518,982</b>

## **Babcock Ranch Community Independent Special District Notes to Financial Statements**

### **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 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 9: MANAGEMENT COMPANY**

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

### **NOTE 10: CONCENTRATION**

A significant portion of the District's future activity is dependent upon the continued involvement of the Developer, Babcock Property Holdings, LLC, the loss of which could have a materially adverse effect on the District's operations. At September 30, 2024, the Developer owned a majority of the assessable property located within the District boundaries. See Note 11.

In addition, a significant portion of the District's future activity is dependent upon three homebuilders, the loss of which could have a materially adverse effect on the District's operations. The District assessed these three homebuilders a total of \$4,082,391 for operations and maintenance and debt service for the year ended September 30, 2024.

### **NOTE 11: RELATED PARTY TRANSACTIONS**

For the year ended September 30, 2024, the District recognized developer contributions from Babcock Property Holdings, LLC totaling \$4,286,172 and \$8,944,720 in the General Fund and Capital Projects Fund, respectively. Developer contributions are recognized as revenue for governmental funds when received during the year or within 90 days after year-end. In addition, the District directly assessed the Developer \$1,588,181 and \$5,159,153 for operations and maintenance and debt service, respectively. In addition, the District received developer contributions of infrastructure for approximately \$38.5 million.

As of September 30, 2024, the Developer owed the District approximately \$2.5 million, which is reported as due from Developer on the accompanying statement of net position and balance sheet – governmental funds.

## **Babcock Ranch Community Independent Special District Notes to Financial Statements**

### **NOTE 11: RELATED PARTY TRANSACTIONS (Continued)**

At September 30, 2024, the District owed the Developer \$1,000,000 in advances, of which \$1,000,000 was given to the District in fiscal year 2011 and used to make a deposit of \$1,000,000 with the State of Florida Department of Transportation related to future capital improvements to State Road 31. In addition, the Developer paid \$834,507 to the State of Florida Department of Transportation for required cash reserves held for the SIB loan. As of September 30, 2024, this entire \$1,000,000 construction deposit paid in fiscal year 2011 is included in Capital assets, not being depreciated on the and \$834,507 held in cash – restricted accompanying Statement of Net Position.

During the year ended September 30, 2024, the District made payments of approximately \$23.8 million to the Developer related entities for the utilities lease with MSKP Town & Country Utility, LLC and solid waste leases with Ecologic Waste Management, LLC. The District incurred expenses totaling \$30.7 million with these two entities (see Note 5) and has an accrued lease payable totaling approximately \$27.7 million as of September 30, 2024.

### **NOTE 12: COST SHARING AGREEMENTS**

In December 2022, the District amended a cost sharing agreement with the Developer controlled, Babcock Ranch Residential Association, Inc. (“Residential Association”) for safety patrol services. For fiscal year 2024, the District paid \$451,672 to the Residential Association representing 30% of the total safety patrol shared expense, which is included in maintenance and operations on the accompanying statement of activities and statement of revenue, expenditures and changes in fund balances – governmental funds.

In August 2021, the District entered into a cost sharing agreement with various entities controlled by the Developer, Babcock Ranch Residential Association, Inc. (“Residential Association”), MSKP Town & Country Utility, LLC (“MSKP”), Ecologic Waste Management, LLC (“Ecologic”), Kitson Babcock, LLC (“Kitson”), Babcock Ranch Commercial Association, Inc., and Babcock Property Holdings, LLC (“BPH”), for shared software subscription services. The District anticipates the shared annual software subscription will ease administration and potentially provide cost savings to property owners and residents within the District. The agreement requires the Residential Association to pay 12.5%, MSKP to pay 45%, Ecologic to pay 5%, and Kitson to pay 12.5% annually plus any other fees required for the software subscription. The District will pay the remaining 25% for software subscription costs and BPH and the Commercial Association have no costs allocated for reimbursement. The District recognized \$207,521 for cost sharing revenues and \$197,768 for related software costs for the year ended September 30, 2024.

### **NOTE 13: COMMITMENTS**

As of September 30, 2024, the District had approximately \$77 million outstanding on various construction contracts.

## **Babcock Ranch Community Independent Special District Notes to Financial Statements**

### **NOTE 14: CONTINGENCIES**

As of September 30, 2024, the District had two outstanding litigation claims made against the District. One claim was received in January 2024 and the second claim was received in April 2025 subsequent to the year ended September 30, 2024. Both claims have been submitted to the District's insurance provider. As of the date of this report, the District is unable to estimate any potential loss or determine the likelihood of an unfavorable outcome and management believe there will be no material impact to the District since the claims are being handled by the insurance provider.



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

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

For the year ended September 30,

2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenue</b>				
Assessments	\$ 3,992,565	\$ 3,889,197	\$ 4,000,398	\$ 111,201
Developer contributions	2,029,926	6,564,378	4,286,172	(2,278,206)
Cost sharing and other revenues	597,243	2,936,579	2,756,471	(180,108)
<b>Total revenue</b>	<b>6,619,734</b>	<b>13,390,154</b>	<b>11,043,041</b>	<b>(2,347,113)</b>
<b>Expenditures</b>				
General government	1,349,498	3,171,927	3,411,516	(239,589)
Maintenance and operations	5,052,421	9,704,784	6,896,552	2,808,232
Capital outlay	-	-	2,878,571	(2,878,571)
Debt service:				
Principal	-	538,580	608,396	(69,816)
Interest	-	111,294	151,945	(40,651)
<b>Total expenditures</b>	<b>6,401,919</b>	<b>13,526,585</b>	<b>13,946,980</b>	<b>(420,395)</b>
<b>Other Financing Sources (Uses)</b>				
Interfund transfers-in	-	-	25,816	25,816
Lease proceeds	-	-	2,878,571	2,878,571
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>2,904,387</b>	<b>2,904,387</b>
Excess of revenue over expenditures including other financing sources (uses)	\$ 217,815	\$ (136,431)	\$ 448	\$ 136,879

Note: The District budgeted for excess revenues over expenditures for the original and amended budgets.



**Supplementary Information  
and  
Reports on Internal Control and Compliance Matters**

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

*For the year ended September 30, 2024*

Grantor/Program Title	CSFA Number	Grant Contract Number	Expenditures	Amount Provided To Subrecipients
<b>STATE FINANCIAL ASSISTANCE:</b>				
<b>Florida Department of Transportation</b>				
State Infrastructure Bank	55.020	N/A	\$ 3,539,388	\$ -
<b>Total Florida Department of Transportation</b>			3,539,388	-
<b>Florida Department of Commerce</b>				
Division of Community Development	40.038	HL192	\$ 126,331	\$ -
<b>Total Florida Department of Commerce</b>			126,331	-
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 3,665,719</b>	<b>\$ -</b>

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

### **NOTE 1 – BASIS OF PRESENTATION**

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

The District’s State Project CFDA 55.020 - State Infrastructure Bank (SIB) is a loan program utilized for road infrastructure through Florida Department of Transportation. The loan program is state funded. The District is reporting related expenses on the schedule incurred for the period October 1, 2023 through September 30, 2024 on the accrual basis. As of September 30, 2024, the balance due on the SIB loan of \$1,943,439 is included in loan payable on the accompanying Statement of Net Position.

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



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**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***

To the Board of Supervisors  
Babcock Ranch Community Independent Special District  
Charlotte County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Babcock Ranch Community Independent Special District (hereinafter referred to as the “District”), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report dated September 23, 2025.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-01 that we consider to be a material weakness.

## **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, 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*.

## **Organization's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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

September 23, 2025



**CARR, RIGGS & INGRAM, L.L.C.**

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## **INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Board of Supervisors  
Babcock Ranch Community Independent Special District  
Charlotte County, Florida

### **Report on Compliance for Each Major State Project**

#### ***Opinion on Each Major State Project***

We have audited Babcock Ranch Community Independent Special District’s compliance with the types of compliance requirements identified as subject to audit in the Department of Financial Services’ *State Projects Compliance Supplement* that could have a direct and material effect on each of Babcock Ranch Community Independent Special District’s major state projects for the year ended September 30, 2024. Babcock Ranch Community Independent Special District’s major state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Babcock Ranch Community Independent Special District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2024.

#### ***Basis for Opinion on Each Major State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and Chapter 10.550, Rules of the Auditor General are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Babcock Ranch Community Independent Special District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state project. Our audit does not provide a legal determination of Babcock Ranch Community Independent Special District’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Babcock Ranch Community Independent Special District's state projects.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Babcock Ranch Community Independent Special District's compliance based on our audit. 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, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Babcock Ranch Community Independent Special District's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Babcock Ranch Community Independent Special District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Babcock Ranch Community Independent Special District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Babcock Ranch Community Independent Special District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their

assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida  
September 23, 2025

**Babcock Ranch Community Independent Special District  
Schedule of Findings and Questioned Costs  
September 30, 2024**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified?  yes       no
- Significant deficiency identified?  yes       none noted

Noncompliance material to financial statements noted?  yes       no

*State Projects*

Internal control over major state projects:

- Material weakness identified?  yes       no
- Significant deficiency identified?  yes       none noted

Type of auditor’s report issued on compliance for major State projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General  yes       none noted

Identification of major state projects:

State CSFA Number	Program Name
55.020	State Infrastructure Bank

The dollar threshold used to distinguish between type A and B programs was \$750,000 for major state projects.

## **Section II – Financial Statement Findings**

### **2024-001 – Material Weakness – Prior Period Adjustment and Internal Controls over State Infrastructure Bank (SIB) Loan Payments and Receipts**

**Criteria:** Regulations require that adequate internal controls over financial reporting be maintained in order to prevent, or detect and correct, misstatements on a timely basis.

**Condition:** A prior period adjustment was required to properly state various balances for the year ended September 30, 2023 for the SIB loan balance, SIB prepayments from homebuilders, and related cash accounts.

**Cause:** The District posted activity for one quarter but did not have adequate internal controls in place to properly monitor and record activity for the entire year including financial activities in 2023 and 2024.

**Effect:** While properly tracking the loan prepayments in required reports to the FDOT, the District misstated various accounts as noted above and disclosed in more detail at Note 2 in the accompanying notes to the financial statements.

**Recommendation:** The District should establish internal controls to properly oversee and monitor the SIB loan activity and transactions posted by Florida Department of Transportation that impact the financial activities of the District.

**Views of responsible officials and Corrective action plan:** The District has implemented policies and procedures for improved oversight of the SIB loan activity and is recording financial activity in a timely manner.

## **Section III – State Award Findings and Questioned Costs**

None noted



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## **MANAGEMENT LETTER**

To the Board of Supervisors  
Babcock Ranch Community Independent Special District  
Charlotte County, Florida

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

We have audited the financial statements of Babcock Ranch Community Independent Special District (“District”) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated September 23, 2025.

### **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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated September 23, 2025, 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**

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

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

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

## **Specific Information**

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

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 12.
- 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 \$27,784,150.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
  - As of September 30, 2024, the District had approximately \$77 million outstanding on various construction contracts for road and infrastructure improvements. For the year ended September 30, 2024, the District incurred approximately \$49.7 million in related construction in progress.
- 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 (\$217,367).

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

- a. The rate or rates of non-ad valorem special assessments imposed by the District as ranging from \$3 to \$589 for operations and maintenance and \$340 to \$2,936 for debt service per residential unit.
- b. The total amount of special assessments collected by or on behalf of the District as \$7,572,140.
- c. The total amount of outstanding bonds issued by the District as \$152,595,000.

### **Additional Matters**

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

### **Purpose of this Letter**

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

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida  
September 23, 2025



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## INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors  
Babcock Ranch Community Independent Special District  
Charlotte County, Florida

We have examined Babcock Ranch Community Independent Special District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2024. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

We are required to be independent and to meet our 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 for the year ended September 30, 2024.

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  
September 23, 2025