# ARLINGTON RIDGE
# COMMUNITY DEVELOPMENT DISTRICT
# CITY OF LEESBURG, FLORIDA
# FINANCIAL REPORT
# FOR THE FISCAL YEAR ENDED
# SEPTEMBER 30, 2025

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Arlington Ridge Community Development District
City of Leesburg, Florida

### Report on the Audit of the Financial Statements

***Qualified and Unmodified Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Arlington Ridge Community Development District, City of Leesburg, Florida ("District") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

*Summary of Opinions*

| ***Opinion Unit*** | ***Type of Opinion*** |
|---|---|
| Governmental Activities | Unmodified |
| General Fund | Unmodified |
| Special Revenue Fund – Food and Beverage | Qualified |
| Special Revenue Fund – Golf Course | Qualified |
| Debt Service Fund | Unmodified |

*Unmodified Opinions on Governmental Activities, General Fund, and Debt Service Fund*

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, General Fund, and Debt Service Fund of Arlington Ridge Community Development District, as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Qualified Opinions on the Food and Beverage Fund and Golf Course Fund*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Food and Beverage Fund and Golf Course Fund of Arlington Ridge Community Development District, as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Qualified and Unmodified 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 Arlington Ridge Community Development 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 qualified and unmodified audit opinions.

***Matter Giving Rise to Qualified Opinions on the Food and Beverage Fund and Golf Course Fund***

We were unable to obtain sufficient appropriate audit evidence regarding certain miscellaneous revenue transactions and related interfund activity recorded in the Food and Beverage Fund and Golf Course Fund. The Food and Beverage Fund reported miscellaneous revenue of $54,434, and the Golf Course Fund reported miscellaneous revenue of $(56,444).

The miscellaneous revenue accounts appear to have been used, at least in part, as clearing or reconciliation accounts for Golf and Food and Beverage activity, payment platform activity, bank deposits, and related interfund activity. However, the activity was not sufficiently reconciled, supported, or cleared as of year-end, and the Golf Course Fund miscellaneous revenue account continued to report a debit balance.

As a result, we were unable to determine whether adjustments to miscellaneous revenues, charges for services, interfund balances, liabilities, fund balances, or related disclosures of the Food and Beverage Fund and Golf Course Fund were necessary. The possible effects of this matter are material to the Food and Beverage Fund and Golf Course Fund.

We did not consider the matter material to governmental activities because the net effect of the unresolved miscellaneous revenue activity between the Food and Beverage Fund and Golf Course Fund was approximately $(2,010), and the related interfund receivable/payable balances are eliminated in the governmental activities financial statements.

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

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

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

***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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

***Other Information Included in the Financial Report***

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Grau & Associates

June 30, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Arlington Ridge Community Development District, City of Leesburg, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of $10,444,868.
- The change in the District's total net position in comparison with the prior fiscal year was ($123,772), a decrease. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2025, the District's governmental funds reported combined ending fund balances of $2,056,736, an increase of $248,648 in comparison with the prior fiscal year. The total fund balance is restricted for debt service and capital projects, non-spendable for prepaid items and deposits, assigned to reserves, and the remainder is unassigned fund balance.

### OVERVIEW OF FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment and charges for services. The District does not have any business-type activities. The governmental activities of the District include the general government (management), maintenance and recreational functions.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### Governmental Funds

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

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

The District maintains four governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue funds, and debt service fund, all of which are considered major funds.

The District adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison schedule has been provided for the general and special revenue funds to demonstrate compliance with the budget.

### Notes to the Financial Statements

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Key components of the District's net position are reflected in the following table:

NET POSITION
SEPTEMBER 30,

| | 2025 | 2024 |
|---|---|---|
| Current and other assets | $ 2,425,932 | $ 2,123,570 |
| Capital assets, net of depreciation | 10,522,837 | 11,326,758 |
| Total assets | 12,948,769 | 13,450,328 |
| Current liabilities | 382,371 | 774,994 |
| Long-term liabilities | 2,121,530 | 2,106,694 |
| Total liabilities | 2,503,901 | 2,881,688 |
| Net position | | |
| Net investment in capital assets | 8,401,307 | 8,921,733 |
| Restricted | 491,328 | 311,763 |
| Unrestricted | 1,552,233 | 1,335,144 |
| Total net position | $ 10,444,868 | $ 10,568,640 |

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

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

The District's net position decreased during the most recent fiscal year. The majority of the decrease represents the extent to which the cost of operations and depreciation expense exceeded ongoing program revenues.

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

CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

| | 2025 | 2024 |
|---|---|---|
| Revenues: | | |
| Program revenues | | |
| Charges for services | $ 5,173,729 | $ 5,183,133 |
| Operating grants and contributions | 19,831 | 21,494 |
| General revenues | | |
| Unrestricted investment earnings | 102,382 | 48,194 |
| Miscellaneous | 328,495 | 86,672 |
| Total revenues | 5,624,437 | 5,339,493 |
| Expenses: | | |
| General government | 472,053 | 399,890 |
| Maintenance and operations | 1,433,993 | 679,756 |
| Recreation | 3,961,448 | 4,117,454 |
| Interest | 115,715 | 118,250 |
| Total expenses | 5,983,209 | 5,315,350 |
| Special items | 235,000 | - |
| Change in net position | (123,772) | 24,143 |
| Net position - beginning | 10,568,640 | 10,544,497 |
| Net position - ending | $ 10,444,868 | $ 10,568,640 |

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2025 was $5,983,209. The costs of the District's activities were primarily funded by program revenues. Program revenues are comprised of assessments and revenues generated from the District's golf and restaurant operations. The increase in total revenue is the result of insurance proceeds received in the current year as reimbursement for property losses. The majority of the increase in expenses was the result of an increase in professional services including landscape maintenance and repairs. Additionally, the District reported a gain on the cancellation of debt in the current year. See Notes to the financial statements for more information.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2025 was amended to increase appropriations by $351,000. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025. Actual food and beverage fund and golf course fund expenditures did exceed appropriations for the fiscal year ended September 30, 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2025, the District had $23,836,120 invested in capital assets. In the government-wide financial statements depreciation of $13,313,283 has been taken, which resulted in a net book value of $10,522,837. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2025, the District had $1,870,000 Bonds outstanding. At September 30, 2025, the District also reported a lease liability of $181,694 and a financed purchase liability of $69,836 for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Arlington Ridge Community Development District's Finance Department at 2005 Pan Am Circle, Suite 300, Tampa, FL 33607.

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**
**STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2025**

| | Governmental Activities |
|---|---|
| ASSETS | |
| Cash | $ 1,678,889 |
| Accounts receivable, net | 44,971 |
| Due from other governments | 31,475 |
| Inventories | 48,970 |
| Prepaids and deposits | 131,220 |
| Restricted assets: | |
| Investments | 490,407 |
| Capital assets: | |
| Nondepreciable | 4,135,000 |
| Depreciable, net | 6,387,837 |
| Total assets | 12,948,769 |
| | |
| LIABILITIES | |
| Accounts payable | 168,008 |
| Accrued expenses | 111,454 |
| Accrued interest payable | 39,871 |
| Unearned revenue | 63,038 |
| Non-current liabilities: | |
| Due within one year | 192,936 |
| Due in more than one year | 1,928,594 |
| Total liabilities | 2,503,901 |
| | |
| NET POSITION | |
| Net investment in capital assets | 8,401,307 |
| Restricted for debt service | 491,328 |
| Unrestricted | 1,552,233 |
| Total net position | $ 10,444,868 |

See notes to the financial statements

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**
**STATEMENT OF ACTIVITIES**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| | | Program Revenues | | | Net (Expense) Revenue and Changes |
|---|---|---|---|---|---|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | $ 472,053 | $ 472,053 | $ - | $ - | $ - |
| Maintenance and operations | 1,433,993 | 1,303,169 | - | - | (130,824) |
| Recreation | 3,961,448 | 3,040,316 | - | - | (921,132) |
| Interest on long-term debt | 115,715 | 358,191 | 19,831 | - | 262,307 |
| Total governmental activities | 5,983,209 | 5,173,729 | 19,831 | - | (789,649) |

| | |
|---|---|
| General revenues: | |
| Unrestricted investment earnings | 102,382 |
| Miscellaneous | 328,495 |
| Total general revenues | 430,877 |
| Special item - Gain on the cancellation of debt | 235,000 |
| Change in net position | (123,772) |
| Net position - beginning | 10,568,640 |
| Net position - ending | $ 10,444,868 |

See notes to the financial statements

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**SEPTEMBER 30, 2025**

| | Major Funds | | | | |
|---|---|---|---|---|---|
| | General | Special Revenue | | Debt Service | Total Governmental Funds |
| | | Food & Beverage | Golf Course | | |
| ASSETS | | | | | |
| Cash | $1,646,540 | $ - | 32,349 | $ - | $ 1,678,889 |
| Investments | - | - | - | 490,407 | 490,407 |
| Due from other funds | 199,725 | - | 95,946 | - | 295,671 |
| Accounts receivable, net of allowance | - | 28,613 | 16,358 | - | 44,971 |
| Due from other governments | 30,554 | - | - | 921 | 31,475 |
| Inventory | | 19,581 | 29,389 | - | 48,970 |
| Prepaid items | 130,505 | - | - | - | 130,505 |
| Deposits | - | 715 | - | - | 715 |
| Total assets | $2,007,324 | $ 48,909 | $ 174,042 | $ 491,328 | $ 2,721,603 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 129,809 | 23,377 | 14,822 | $ - | $ 168,008 |
| Accrued expenses | 23,276 | 20,142 | 68,036 | - | 111,454 |
| Due to other funds | - | 114,946 | 180,725 | - | 295,671 |
| Unearned Revenue | 4,890 | 127 | 58,021 | - | 63,038 |
| Total liabilities | 157,975 | 158,592 | 321,604 | - | 638,171 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | 26,696 | - | - | - | 26,696 |
| Total deferred inflows of resources | 26,696 | - | - | - | 26,696 |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Prepaid and deposits items | 130,505 | - | - | - | 130,505 |
| Restricted for: | | | | | |
| Debt service | - | - | - | 491,328 | 491,328 |
| Assigned to: | | | | | |
| Operating reserve | 459,861 | - | - | - | 459,861 |
| Capital reserve | 1,232,287 | - | - | - | 1,232,287 |
| Unassigned | - | (109,683) | (147,562) | - | (257,245) |
| Total fund balances | 1,822,653 | (109,683) | (147,562) | 491,328 | 2,056,736 |
| Total liabilities, deferred inflows of resources, and fund balances | $2,007,324 | $ 48,909 | $ 174,042 | $ 491,328 | $ 2,721,603 |

See notes to the financial statements

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**
**TO THE STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2025**

| | | |
|---|---|---|
| Total fund balances - governmental funds | | $ 2,056,736 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole. | | |
| Cost of capital assets | 23,836,120 | |
| Accumulated depreciation | (13,313,283) | 10,522,837 |
| Assets recorded in the governmental fund financial statements that are not available to pay for current-period expenditures are unavailable revenue in the governmental funds. | | 26,696 |
| Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements. | | |
| Accrued interest payable | (39,871) | |
| Long-term liabilities | (2,121,530) | (2,161,401) |
| Net position of governmental activities | | $ 10,444,868 |

See notes to the financial statements

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**
**STATEMENT OF REVENUES, EXPENDITURES,**
**AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| | Major Funds | | | | |
|---|---|---|---|---|---|
| | General | Special Revenue | | Debt Service | Total Governmental Funds |
| | | Food & Beverage | Golf Course | | |
| REVENUES | | | | | |
| Assessments | $ 2,556,709 | $ - | $ - | 287,808 | $ 2,844,517 |
| Charges for services | - | 881,875 | 1,420,641 | - | 2,302,516 |
| Interest earnings | 102,382 | - | - | 19,831 | 122,213 |
| Miscellaneous revenue | 330,505 | 54,434 | (56,444) | - | 328,495 |
| Total revenues | 2,989,596 | 936,309 | 1,364,197 | 307,639 | 5,597,741 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 472,053 | - | - | - | 472,053 |
| Maintenance and operations | 1,002,126 | - | - | - | 1,002,126 |
| Recreation | 808,183 | 1,101,210 | 1,605,883 | | 3,515,276 |
| Debt service: | | | | | |
| Principal | - | - | 54,992 | 185,000 | 239,992 |
| Interest | - | - | 15,391 | 104,255 | 119,646 |
| Capital outlay | - | - | 74,118 | - | 74,118 |
| Total expenditures | 2,282,362 | 1,101,210 | 1,750,384 | 289,255 | 5,423,211 |
| Excess (deficiency) of revenues over (under) expenditures | 707,234 | (164,901) | (386,187) | 18,384 | 174,530 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in (out) | (70,451) | 70,451 | - | - | - |
| Lease proceeds | - | - | 74,118 | - | 74,118 |
| Total other financing sources (uses) | (70,451) | 70,451 | 74,118 | - | 74,118 |
| Net change in fund balances | 636,783 | (94,450) | (312,069) | 18,384 | 248,648 |
| Fund balances - beginning, as reclassified (see Note 13) | 1,185,870 | (15,233) | 164,507 | 472,944 | 1,808,088 |
| Fund balances - ending | $ 1,822,653 | $ (109,683) | $ (147,562) | $ 491,328 | $ 2,056,736 |

See notes to the financial statements

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | 248,648 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position. | | 74,118 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements. | | 26,696 |
| Governmental funds report the face amount of long-term liabilities issued as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position. | | (74,118) |
| Repayments of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities. | | 239,992 |
| The gain on the retirement of debt is not recognized in the governmental fund financial statements, but is reported as a special item in the statement of activities. | | 235,000 |
| The change in accrued interest on long-term liabilities between the current and prior fiscal years is recorded in the statement of activities, but not in the governmental fund financial statements. | | 3,931 |
| Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities. | | (878,039) |
| Change in net position of governmental activities | $ | (123,772) |

See notes to the financial statements

## NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Arlington Ridge Community Development District ("District") was created on October 13, 2003 by City of Leesburg, Florida Ordinance No 03-94 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by registered voters, as provided by F. S. Chapter 190.006. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the 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.

The financial statements were prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Government-Wide and Fund Financial Statements
The basic financial statements include both government-wide and fund financial statements.

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments on certain land and all platted lots within the District. Assessments are levied each November 1 on property of record as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

General Fund

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

Special Revenue Funds

The District maintains two major Special Revenue Funds. The Food and Beverage Fund is used to account for the financial resources and operations of the District's restaurant and food and beverage activities. The Golf Course Fund is used to account for the financial resources and operations of the District's golf course and pro shop.

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.

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 government’s policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

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

**Assets, Liabilities and Net Position or Equity (Continued)**

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

Deposits and Investments
The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

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

Securities listed in paragraphs c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Inventories and Prepaid Items
Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets
Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

| Assets | Years |
|---|---|
| Recreational facilities | 5 – 30 |
| Infrastructure | 5 – 30 |
| Equipment | 5 |

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

**Assets, Liabilities and Net Position or Equity (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.

Leases

The District is a lessee for a non-cancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the commencement date, plus certain direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

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 ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of 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 debt service expenditures.

Deferred Outflows/Inflows of Resources

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

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

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

**Assets, Liabilities and Net Position or Equity (Continued)**

Fund Equity/Net Position
In the fund financial statements, governmental funds report nonspendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

**Other Disclosures**

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 3 – BUDGETARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

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) Public hearings are conducted to obtain public comments.
c) Prior to October 1, the budget is legally adopted by the District Board.
d) All budget changes must be approved by the District Board.
e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
f) Unused appropriations for annually budgeted funds lapse at the end of the year.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

**Deposits**
The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

**Investments**
The District's investments were held as follows at September 30, 2025:

| | Amortized Cost | Credit Risk | Maturities |
|---|---|---|---|
| First American Funds - Government Obligations Fund | $ 490,407 | S&P AAAm | Weighted average maturity: 45 days |
| Total Investments | $ 490,407 | | |

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

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

*Fair Value Measurement* – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables at September 30, 2025 were as follows:

| | Payable fund | | |
|---|---|---|---|
| Receivable Fund | Food & beverage | Golf course | Total |
| General | $ 19,000 | $ 180,725 | $ 199,725 |
| Golf course | 95,946 | - | 95,946 |
| Total | $ 114,946 | $ 180,725 | $ 295,671 |

Interfund balances are used to record temporary advances and amounts paid by one fund on behalf of another fund. The balances due to the general fund from the food & beverage fund and golf course funds resulted from temporary loans made to those special revenue funds to provide sufficient cash flow for the payment of current expenditures. The balances are expected to be repaid from future special revenue fund resources.

Interfund transfers for the fiscal year ended September 30, 2025 were as follows:

| Fund | Transfer in | Transfer out |
|---|---|---|
| General | $ - | $ 70,451 |
| Food & beverage | 70,451 | - |
| Total | $ 70,451 | $ 70,451 |

The transfer from the general fund to the food and beverage fund was made in accordance with the general fund budget.

## NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2025 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land and land improvements | $ 4,135,000 | $ - | $ - | $ 4,135,000 |
| Total capital assets, not being depreciated | 4,135,000 | - | - | 4,135,000 |
| | | | | |
| Capital assets, being depreciated | | | | |
| Recreational buildings and facilities | 10,937,041 | - | - | 10,937,041 |
| Infrastructure | 7,433,936 | - | - | 7,433,936 |
| Right-to-use assets | 255,756 | - | - | 255,756 |
| Equipment | 1,000,269 | 74,118 | - | 1,074,387 |
| Total capital assets, being depreciated | 19,627,002 | 74,118 | - | 19,701,120 |
| | | | | |
| Less accumulated depreciation for: | | | | |
| Recreational buildings and facilities | (6,450,423) | (446,172) | - | (6,896,595) |
| Infrastructure | (5,399,309) | (294,741) | - | (5,694,050) |
| Right-to-use assets | (29,838) | (50,907) | - | (80,745) |
| Equipment | (555,674) | (86,219) | - | (641,893) |
| Total accumulated depreciation | (12,435,244) | (878,039) | - | (13,313,283) |
| | | | | |
| Total capital assets, being depreciated, net | 7,191,758 | (803,921) | - | 6,387,837 |
| | | | | |
| Governmental activities capital assets | $ 11,326,758 | $ (803,921) | $ - | $ 10,522,837 |

Depreciation expense was charged to the maintenance and operations and the recreation functions/programs.

## NOTE 7 – LONG-TERM LIABILITIES

**Series 2006**

On March 9, 2006 the District issued $15,965,000 of Special Assessment Bonds, Series 2006A, due on May 1, 2036 with a fixed interest rate of 5.50%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District and the Bondholders. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Series 2006A Bonds is to be paid serially through May 1, 2036.

The Series 2006A Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the current fiscal year as the District collected assessments from lot closings and prepaid $50,000 of the Series 2006 Bonds. See Note 14 - Subsequent Events for additional call amounts subsequent to the fiscal year end.

The Bond Indenture established a debt service reserve requirement 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 was in compliance with the requirements at September 30, 2025.

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

**Series 2019**

On July 18, 2019, the District issued $1,765,000 of Special Assessment Bonds, Series 2019 consisting of Term Bonds with due dates from May 1, 2029 to May 1, 2036 and fixed interest rates ranging from 3.60% to 4.00%. The Bonds were issued to finance the acquisition of the Arlington Ridge Golf Club and the construction or reconstruction of related improvements. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2020 through May 1, 2036.

The Series 2019 Bonds are subject to redemption at the option of the District prior to maturity. The Series 2019 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the current fiscal year as the District collected assessments from lot closings and prepaid $10,000 of the Series 2019 Bonds. See Note 14 - Subsequent Events for additional call amounts subsequent to the fiscal year end.

The Bond Indenture established a debt service reserve requirement 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 was in compliance with the requirements at September 30, 2025.

**Note Payable**

On May 27, 2022, the District entered into an Agreement for Funding and Cooperation Regarding Community Sales Center with Arlington Ridge Community Association (the "Association") related to the District's acquisition, renovation, and operation of a community sales center. Under the agreement, the Association agreed to contribute $235,000 to the District in the form of a loan to fund a portion of the purchase price of the sales center, provided the closing occurred on or before October 1, 2022. No payments were due on the loan for two years from the closing date, and the loan is forgivable if the District complies with the terms and conditions of the agreement, including using the facility for authorized social and recreational activities for residents, landowners, and paid users of Arlington Ridge and completing required renovations within two years of closing. If the District did not satisfy the renovation requirements within the required period, the District was obligated to repay the loan over a period not to exceed five years. The agreement also required repayment of the full loan amount within 30 days if the District sells the sales center within ten years of the closing date to a party other than the Association, regardless of whether the loan had previously been forgiven. The District is responsible for the ownership, operation, renovation, and related costs of the sales center, except as otherwise provided in the agreement. As of September 30, 2025, the loan is considered forgiven. The gain on the cancellation of debt is reflected on the statement of activities.

**Long-term Debt Activity**

Changes in long-term liability activity for the fiscal year ended September 30, 2025 were as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Series 2006 | $ 1,575,000 | $ - | $ 145,000 | $ 1,430,000 | $ 95,000 |
| Series 2019 | 480,000 | - | 40,000 | 440,000 | 35,000 |
| Note payable | 235,000 | - | 235,000 | - | |
| Financed purchase payable | 3,938 | 74,118 | 8,220 | 69,836 | 13,397 |
| Leases Payable | 228,466 | - | 46,772 | 181,694 | 49,539 |
| Total | $ 2,522,404 | $ 74,118 | $ 474,992 | $ 2,121,530 | $ 192,936 |

## NOTE 7 – LONG-TERM LIABILITIES (Continued)

At September 30, 2025, the scheduled debt service requirements on the long-term debt were as follows:

| Year ending September 30: | Governmental Activities Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 130,000 | $ 95,690 | $ 225,690 |
| 2027 | 135,000 | 89,205 | 224,205 |
| 2028 | 145,000 | 82,445 | 227,445 |
| 2029 | 150,000 | 75,765 | 225,765 |
| 2030 | 160,000 | 68,180 | 228,180 |
| 2031-2035 | 930,000 | 218,425 | 1,148,425 |
| 2036 | 220,000 | 11,350 | 231,350 |
| Total | $ 1,870,000 | $ 641,060 | $ 2,511,060 |

## NOTE 8 – FINANCED PURCHASE PAYABLE

Prior Financed Purchase Agreement

The District had previously entered into two financed purchase agreements for certain equipment ranging from 48 to 60 months. The agreements qualified as financed purchases for accounting purposes and were recorded at the present value of the future minimum payments.

During the year ended September 30, 2025, the District made the final required payment under the financed purchase agreements. The final payment totaled $3,954, including principal of $3,938 and interest of $16. As of September 30, 2025, these financed purchase agreements were paid in full, and no related payable remained outstanding.

New Financed Purchase Agreement

During the year ended September 30, 2025, the District entered into a new financed purchase agreement for lawn equipment. The agreement qualifies as a financed purchase for accounting purposes and, therefore, has been recorded at the present value of the future minimum payments.

The property acquired through the financed purchase totaled $74,118. As of September 30, 2025, the outstanding financed purchase payable related to this agreement was $69,836.

The future minimum obligations and the net present value of these minimum payments at September 30, 2025 were as follows:

| Year ending September 30: | Governmental Activities Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 13,397 | $ 4,006 | $ 17,403 |
| 2027 | 14,263 | 3,139 | 17,402 |
| 2028 | 15,185 | 2,217 | 17,402 |
| 2029 | 16,167 | 1,235 | 17,402 |
| 2030 | 10,824 | 247 | 11,071 |
| Total | $ 69,836 | $ 10,844 | $ 80,680 |

## NOTE 9 - LEASES

During the prior fiscal year, the District entered into an equipment lease agreement as a lessee. The District adopted GASB 87 in the 2024 fiscal year. As a result, an initial lease liability and intangible right-to-use leased equipment asset was recorded in the amount of $255,756. The lease liability was measured using a discount of 5.76%. The lease requires monthly payment of $4,893 for a term of 60 months. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was $255,756 and had accumulated amortization of $80,745.

## NOTE 9 – LEASES (Continued)

The future principal and interest lease payments as of September 30, 2025, were as follows:

| Year ending September 30: | Governmental Activities | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2026 | $ 49,539 | $ 9,171 | $ 58,710 |
| 2027 | 52,469 | 6,241 | 58,710 |
| 2028 | 55,572 | 3,138 | 58,710 |
| 2029 | 24,114 | 348 | 24,462 |
| Total | $ 181,694 | $ 18,898 | $ 200,592 |

## NOTE 10 – MANAGEMENT COMPANY

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

## NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years.

## NOTE 12 – LITIGATION AND CLAIMS

The District is a defendant in a lawsuit relating to an alleged injury. The matter proceeded to mediation; however, no settlement was reached. The District tendered the matter to its insurance carrier which accepted the tender for defense and indemnification. The litigation remains pending.

The District is involved in a dispute with a former contractor related to golf course and restaurant facilities management services. The District agreed to mediate the matter; however, no settlement was reached. The District has approved counsel to file a formal complaint and to preserve the District's right to a trial jury. The matter remains unresolved and ongoing.

## NOTE 13 – RECLASSIFICATION OF BEGINNING FUND BALANCE

During fiscal year 2025, the District separated the previously combined Golf Course/Restaurant Special Revenue Fund into two Special Revenue Funds: the Golf Course Special Revenue Fund and the Food and Beverage Special Revenue Fund. This change was made to provide separate financial accountability for the golf course and restaurant operations. The September 30, 2024 ending fund balance of the previously reported combined Special Revenue Fund has been allocated between the two funds as of October 1, 2024. This reclassification had no effect on total governmental fund balances or governmental activities net position.

## NOTE 14 – SUBSEQUENT EVENTS

**Bond Payments**

Subsequent to fiscal year end, the District prepaid a total of $25,000 of the Series 2006 Bonds. Additionally, the District prepaid a total of $10,000 of the Series 2019 Bonds. The prepayments were considered extraordinary mandatory redemptions as outlined in the Bond Indenture.

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**
**FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| | Budgeted Amount | | Actual | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| REVENUES | | | | |
| Assessments | $ 2,544,150 | $ 2,544,150 | $ 2,556,709 | $ 12,559 |
| Interest earnings | 44,492 | 44,492 | 102,382 | 57,890 |
| Miscellaneous | 26,140 | 26,140 | 330,505 | 304,365 |
| Total revenues | 2,614,782 | 2,614,782 | 2,989,596 | 374,814 |
| | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 420,725 | 504,925 | 472,053 | 32,872 |
| Maintenance and operations | 1,305,064 | 1,321,864 | 1,002,126 | 319,738 |
| Recreation | 224,550 | 223,550 | 808,183 | (584,633) |
| Capital outlay | 200,000 | 451,000 | - | 451,000 |
| Total expenditures | 2,150,339 | 2,501,339 | 2,282,362 | 218,977 |
| | | | | |
| Excess (deficiency) of revenues over (under) expenditures | 464,443 | 113,443 | 707,234 | 593,791 |
| | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund transfers | (70,451) | (70,451) | (70,451) | - |
| Total other financing sources/(uses) | (70,451) | (70,451) | (70,451) | - |
| | | | | |
| Net change in fund balances | $ 393,992 | $ 42,992 | 636,783 | $ 593,791 |
| | | | | |
| Fund balance - beginning | | | 1,185,870 | |
| | | | | |
| Fund balance - ending | | | $ 1,822,653 | |

See notes to required supplementary information

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**
**FUND BALANCE - BUDGET AND ACTUAL – FOOD AND BEVERAGE FUND**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| | Budgeted Amount Original & Final | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Charges for services | $ 1,094,092 | $ 881,875 | $ (212,217) |
| Miscellaneous | 48,410 | 54,434 | 6,024 |
| Total revenues | 1,142,502 | 936,309 | (206,193) |
| | | | |
| EXPENDITURES | | | |
| Current: | | | |
| Recreation | 758,072 | 1,101,210 | (343,138) |
| Total expenditures | 758,072 | 1,101,210 | (343,138) |
| | | | |
| Excess (deficiency) of revenues over (under) expenditures | 384,430 | (164,901) | (549,331) |
| | | | |
| OTHER FINANCING SOURCES (USES) | | | |
| Interfund transfers | - | 70,451 | 70,451 |
| Total other financing sources/(uses) | - | 70,451 | 70,451 |
| | | | |
| Net change in fund balances | $ 384,430 | (94,450) | $ (478,880) |
| | | | |
| Fund balance - beginning | | (15,233) | |
| | | | |
| Fund balance - ending | | $ (109,683) | |

See notes to required supplementary information

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GOLF FUND**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| | Budgeted Amount Original & Final | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Charges for services | $ 1,671,520 | $ 1,420,641 | $ (250,879) |
| Miscellaneous | 1,365 | (56,444) | (57,809) |
| Total revenues | 1,672,885 | 1,364,197 | (308,688) |
| EXPENDITURES | | | |
| Current: | | | |
| Recreation | 1,479,163 | 1,605,883 | (126,720) |
| Debt service: | | | |
| Principal and interest | 62,196 | 70,383 | (8,187) |
| Capital outlay | - | 74,118 | (74,118) |
| Total expenditures | 1,541,359 | 1,750,384 | (209,025) |
| Excess (deficiency) of revenues over (under) expenditures | 131,526 | (386,187) | (517,713) |
| OTHER FINANCING SOURCES (USES) | | | |
| Lease proceeds | - | 74,118 | 74,118 |
| Total other financing sources/(uses) | - | 74,118 | 74,118 |
| Net change in fund balances | $ 131,526 | (312,069) | $ (443,595) |
| Fund balance - beginning | | 164,507 | |
| Fund balance - ending | | $ (147,562) | |

See notes to required supplementary information

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2025 was amended to increase appropriations by $351,000. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025. Actual food and beverage fund and golf course fund expenditures did exceed appropriations for the fiscal year ended September 30, 2025.

**ARLINGTON RIDGE COMMUNITY DEVELOPMENT DISTRICT**
**CITY OF LEESBURG, FLORIDA**
**OTHER INFORMATION – DATA ELEMENTS**
**REQUIRED BY FL STATUTE 218.39(3)(C)**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**
**UNAUDITED**

| Element | Comments |
|---|---|
| Number of District employees compensated in the last pay period of the District's fiscal year being reported. | 34 |
| Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported. | 7 |
| Employee compensation | $241,445 |
| Independent contractor compensation | $14,897 |
| Construction projects to begin on or after October 1; (>$65K) | Not applicable |
| Budget variance report | See the Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual |
| Ad Valorem taxes | Not applicable |
| | |
| Non ad valorem special assessments; | |
| Special assessment rate | Operations and maintenance - $2,587.52<br>Debt service - $146.15 - $1,050.00 |
| Special assessments collected | $2,844,517 |
| Outstanding Bonds: | $1,870,000 |

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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
Arlington Ridge Community Development District
City of Leesburg, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Arlington Ridge Community Development District, City of Leesburg, Florida ("District") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated June 30, 2026, which included unmodified opinions on the Governmental Activities, General Fund, and Debt Service Fund and qualified opinions on the Food and Beverage Fund and Golf Course Fund.

**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) to determine the 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 certain deficiencies in internal control, described in the accompanying Management Letter as item 2025-01 Material Weakness 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 agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted another matter involving the internal control over financial reporting and compliance that we have described in the accompanying Management Letter as item 2025-02 Budget.

**The District'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 Management Letter. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grau & Associates

June 30, 2026

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Arlington Ridge Community Development District
City of Leesburg, Florida

We have examined Arlington Ridge Community Development District, City of Leesburg, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2025. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2025.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Arlington Ridge Community Development District, City of Leesburg, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

June 30, 2026

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**MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
Arlington Ridge Community Development District
City of Leesburg, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of Arlington Ridge Community Development District, City of Leesburg, Florida ("District") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 30, 2026, which included unmodified opinions on the Governmental Activities, General Fund, and Debt Service Fund and qualified opinions on the Food and Beverage Fund and Golf Course Fund.

**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 G*overnment Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 30, 2026, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of the state of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

**I. Current year findings and recommendations.**
**II. Status of prior year findings and recommendations.**
**III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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

We wish to thank Arlington Ridge Community Development District, City of Leesburg, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

June 30, 2026

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

**2025-01 – Material Weakness: Insufficient Audit Evidence Supporting Certain Golf Course and Food and Beverage Revenue and Interfund Activity**

Condition

The District was unable to provide sufficient appropriate audit evidence supporting certain miscellaneous revenue and related interfund activity recorded in the Golf Course Fund and Food and Beverage Fund for the fiscal year ended September 30, 2025.

The miscellaneous revenue accounts included numerous entries related to revenue corrections, deposits, payment processor activity, event-related activity, interfund activity, and other non-routine adjustments. The available descriptions, reconciliations, and supporting documentation were not sufficient to determine the nature, completeness, accuracy, classification, or proper financial statement presentation of the transactions.

The former Golf and Food and Beverage management company stated that the miscellaneous revenue account was used in part to track and reconcile certain Golf and Food and Beverage funds and other miscellaneous revenue. However, the explanation did not provide transaction-level support for the specific entries recorded in the account. The account was also described as being used for temporary activity, but the activity was not fully cleared or reconciled as of year-end, and the Golf Course Fund miscellaneous revenue account continued to report a debit balance.

Criteria

Management is responsible for maintaining accounting records and internal controls sufficient to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Such records should include supporting documentation, reconciliations, explanations of significant account activity, and evidence supporting the classification, completeness, accuracy, and proper period recognition of transactions.

Cause

The miscellaneous revenue accounts appear to have been used, at least in part, as mixed-purpose clearing or reconciliation accounts. However, the activity was not sufficiently reconciled, supported, or cleared at year-end.

Effect

Because sufficient appropriate audit evidence was not available, we were unable to determine whether adjustments to Golf Course Fund and Food and Beverage Fund revenues, expenditures, liabilities, interfund balances, fund balances, or related disclosures were necessary. This resulted in qualified opinions on the Golf Course Fund and Food and Beverage Fund.

The matter was not considered material to governmental activities because the net effect of the unresolved miscellaneous revenue activity between the Golf Course Fund and Food and Beverage Fund was approximately $(2,010), and related interfund receivable/payable balances are eliminated in the governmental activities financial statements.

Recommendation

We recommend that the District require complete supporting documentation and reconciliations for Golf Course Fund and Food and Beverage Fund activity on a monthly or quarterly basis. The accounting records for each fund should be maintained as self-balancing funds, with beginning balances that agree to the prior year audited financial statements or approved closing balances.

Reconciliations should include, at a minimum, reconciled trial balances by fund, detailed general ledgers, bank reconciliations, POS/MIR-to-GL reconciliations, support for miscellaneous revenue and reclassification entries, support for due to/due from balances and transfers, and schedules for receivables, payables, deferred revenue, inventory, prepaid items, capital assets, leases, financed purchases, and other long-term liabilities, as applicable.

The District should require unusual or contrary account balances, including debit balances in revenue accounts, credit balances in asset accounts, or debit balances in liability accounts, to be investigated, supported, corrected, or specifically documented and approved as valid before monthly close.

The District should also require written internal control procedures over Golf Course and Food and Beverage operations to be maintained, approved by the District, updated periodically, and made available to the District and its auditors. The Golf Course and Food and Beverage management company should participate in the annual audit process, respond to audit inquiries, provide supporting documentation, post District-approved audit adjustments, and provide written representations or certifications regarding the completeness and accuracy of the accounting records and support it maintains.

Reference Number for Prior Year Finding

Not applicable.

Management Response:

Management is currently in litigation with the prior contractor of the Golf Course and Restaurant. We have contracted a new Management company for these two entities. The new management company has adopted policies in which reporting is submitted and reconciled monthly. A new platform is also being implemented in the next fiscal year. These changes will provide better controls over reporting as well as policies and procedures.

**2025-02 Budget:**

Observation

Actual expenditures exceeded appropriations in the food and beverage fund and golf course fund for the fiscal year ended September 30, 2025.

Recommendation

We recommend that the District monitor budget-to-actual results for the Food and Beverage Fund and Golf Course Fund during the fiscal year and amend the budget, when necessary, so that budgeted appropriations remain aligned with expected expenditures.

Reference Number for Prior Year Finding

Not applicable.

Management Response:

The District will monitor budget to actuals closely going forward to avoid exceeding budgeted appropriations. The board has taken action to cover the short fall for the Food & Beverage fund from the General Fund through an operating transfer. Golf will be funded either by the Fiscal Year 2026 profit or by an operating transfer from the General Fund.

## II. PRIOR YEAR FINDINGS

None

## III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

   There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2024.

2. Any recommendations to improve the local governmental entity's financial management.

   There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2025, except as noted above.

3. 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.

   There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2025, except as noted above.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 29.