

North River Ranch Improvement Stewardship District

ANNUAL FINANCIAL REPORT

September 30, 2025

North River Ranch Improvement Stewardship District

ANNUAL FINANCIAL REPORT

September 30, 2025

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Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
North River Ranch Improvement Stewardship District
Manatee County, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of North River Ranch Improvement Stewardship District (the "District"), as of and for the year ended September 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2025, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinion.

Responsibilities of Management for the Financial Statements

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

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To the Board of Supervisors
North River Ranch Improvement Stewardship District

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements.



To the Board of Supervisors
North River Ranch Improvement Stewardship District

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 GAAS, 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 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

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with Florida Statutes 218.39(3)(c) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 a report dated September 25, 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 and contracts and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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

September 25, 2026

North River Ranch Improvement Stewardship District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2025

Management's discussion and analysis of North River Ranch Improvement Stewardship District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all governmental activities.

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

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

North River Ranch Improvement Stewardship District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Financial Highlights

The following are the highlights of financial activity for the fiscal year ended September 30, 2025.

- ◆ The District's total assets and deferred outflows of resources exceeded total liabilities by \$16,961,417 (net position). Net investment in capital assets was \$15,596,709, restricted net position was \$2,334,842, and unrestricted net position was \$(970,134).
- ◆ Governmental activities revenues totaled \$27,562,758, while governmental activities expenses and conveyances totaled \$74,392,312.

**North River Ranch Improvement Stewardship District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

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

Net Position

	Governmental Activities	
	2025	2024
Current assets	\$ 2,805,788	\$ 2,772,671
Restricted assets	8,808,085	10,171,905
Capital assets	77,901,588	133,030,083
Total Assets	89,515,461	145,974,659
Deferred outflows of resources	70,430	79,718
Current liabilities	5,882,544	5,988,830
Non-current liabilities	66,741,930	76,274,576
Total Liabilities	72,624,474	82,263,406
Net Position		
Net investment in capital assets	15,596,709	63,073,670
Restricted net position	2,334,842	1,110,782
Unrestricted	(970,134)	(393,481)
Total Net Position	\$ 16,961,417	\$ 63,790,971

The decrease in restricted assets is primarily due to expenditures in excess of revenues in the Debt Service Fund in the current year.

The decreases in capital assets and net investment in capital assets are primarily related to the conveyance of capital assets to others in the current year.

The decrease in total liabilities is related to the principal payments made on long-term debt in the current year.

**North River Ranch Improvement Stewardship District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

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

Change In Net Position

	Governmental Activities	
	2025	2024
Program Revenues		
Charges for services	\$ 15,936,602	\$ 8,203,801
Operating grants and contributions	15,000	4,123
Capital grants and contributions	10,908,789	11,248,177
General Revenues		
Miscellaneous revenues	278,744	430,544
Investment earnings	423,623	830,850
Total Revenues	<u>27,562,758</u>	<u>20,717,495</u>
Expenses		
General government	378,714	486,149
Physical environment	4,561,507	3,077,549
Culture/recreation	2,007,531	502,699
Interest and other charges	4,140,144	5,469,831
Total Expenses	<u>11,087,896</u>	<u>9,536,228</u>
Conveyance of capital assets	<u>(63,304,416)</u>	<u>-</u>
Change in Net Position	(46,829,554)	11,181,267
Net Position - Beginning of Year	<u>63,790,971</u>	<u>52,609,704</u>
Net Position - End of Year	<u>\$ 16,961,417</u>	<u>\$ 63,790,971</u>

The increase in charges for services is related to the increase in special assessments in the current year.

The decrease in general government is related to the decrease in legal expenses in the current year.

The increase in physical environment is related to the increase in landscape maintenance expenses in the current year.

The increase in culture/recreation is related to increase in the costs of operating the District's amenities.

The increase in conveyance of capital assets is related to capital activity in the current year.

**North River Ranch Improvement Stewardship District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2025 and 2024.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Construction in progress	\$ 20,820,748	\$ 87,052,116
Infrastructure	64,235,624	49,964,367
Equipment	160,912	144,906
Accumulated depreciation	(7,315,696)	(4,131,306)
Capital Assets, net	<u>\$ 77,901,588</u>	<u>\$ 133,030,083</u>

Capital asset activity for the year consisted of additions to construction in progress, \$11,360,311, the transfer of construction in progress to infrastructure, \$26,549,625, equipment, \$16,006, and conveyances to others, \$51,026,048, the disposal of infrastructure, \$12,278,368, and depreciation, \$3,184,390.

General Fund Budgetary Highlights

Actual expenditures exceeded final budgeted expenditures primarily due to lifestyle staff, landscaping maintenance and material, and landscape maintenance expenditures being more than anticipated.

The September 30, 2025 budget was amended for landscape maintenance and material costs and hurricane clean-up expenditures that were greater than originally anticipated.

Debt Management

Governmental activities debt includes the following:

- In June 2019, the District issued \$9,910,000 Series 2019A-1 and \$3,355,000 Series 2019A-2 Capital Improvement Bonds. These bonds were issued to finance a portion of the cost of acquisition, construction, installation and equipping of a portion of the Series 2019A Project. During fiscal year 2022 the Series 2019A-2 Bonds were paid off and as of September 30, 2025, the balance outstanding for the Series 2019A-1 Bonds was \$8,925,000.
- In November 2019, the District issued \$5,530,000 Series 2019A-1 (Morgan's Glen) and \$5,045,000 Series 2019A-2 (Morgan's Glen) Capital Improvement Bonds. These bonds were issued to finance a portion of the cost of acquisition, construction, installation and equipping of a portion of the Series 2019A Project. During fiscal year 2025, the Series 2019A-2 Bonds were paid off and as of September 30, 2025, the balance outstanding for the Series 2019A-1 Bonds totaled \$4,955,000.

**North River Ranch Improvement Stewardship District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- In December 2020, the District issued \$7,670,000 Series 2020A-1, \$5,010,000 Series 2020A-2, and \$4,215,000 Series 2020A-3 Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the cost of the Phase 1 Project. During fiscal year 2023, the Series 2020A-3 Bonds were paid off and as of September 30, 2025, the balances outstanding totaled \$7,755,000.
- In April 2023, the District issued \$10,395,000 Series 2023A-1 Special Assessment Revenue Bonds. These bonds were issued to finance a portion of the cost of the Series 2023 Project. As of September 30, 2025, the balance outstanding was \$10,185,000.
- In April 2023, the District issued \$21,865,000 Series 2023A-2 Special Assessment Revenue and Refunding Bonds. These bonds were issued to finance a portion of the cost of the Series 2023 Project as well as refund the Series 2020A-3 Bonds. As of September 30, 2025, the balance outstanding was \$15,400,000
- In November 2023, the District issued \$9,630,000 Series 2023A Special Assessment Revenue Bonds. These bonds were issued to finance a portion of the cost of the Series 2023 Project. As of September 30, 2025, the balance outstanding was \$8,395,000.
- In November 2023, the District issued \$11,335,000 Series 2023B Special Assessment Revenue Bonds. These bonds were issued to finance a portion of the cost of the Series 2023 Project. As of September 30, 2025, the balance outstanding was \$11,280,000.
- In September 2024, the District entered into an agreement with the Developer to provide funding advances to aid cash flow to be repaid in the future. During the year ended September 30, 2024, the District received advances totaling \$270,000 and during the current year, the District received advances of \$260,000. The developer advance balance as of September 30, 2025, was \$530,000.

Economic Factors and Next Year's Budget

North River Ranch Improvement Stewardship District will continue its capital projects in the next fiscal year. The District cannot determine the effect this will have on the financial position or results of operations of the District in fiscal year 2026.

Request for Information

The financial report is designed to provide a general overview of North River Ranch Improvement Stewardship District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the North River Ranch Improvement Stewardship District, PFM Management Services, LLC, 3501 Quadrangle Boulevard, Suite 270, Orlando, Florida 32817.

North River Ranch Improvement Stewardship District
STATEMENT OF NET POSITION
September 30, 2025

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 151,973
Accounts receivable	34,807
Interest receivable	27,767
Due from developer	2,530,843
Prepaid expenses	48,290
Deposits	12,108
Total Current Assets	<u>2,805,788</u>
Non-current Assets	
Restricted Assets	
Investments	8,808,085
Capital Assets, Not Being Depreciated	
Construction in progress	20,820,748
Capital Assets, Being Depreciated	
Infrastructure	64,235,624
Equipment	160,912
Accumulated depreciation	<u>(7,315,696)</u>
Total Non-current Assets	<u>86,709,673</u>
Total Assets	<u>89,515,461</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding, net	<u>70,430</u>
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	427,922
Contracts/retainage payable	3,123,521
Deferred revenue	8,127
Financed purchase	22,646
Bonds payable	700,000
Accrued interest	1,600,328
Total Current Liabilities	<u>5,882,544</u>
Non-current Liabilities	
Financed purchase	16,930
Developer advance	530,000
Bonds payable	66,195,000
Total Non-current Liabilities	<u>66,741,930</u>
Total Liabilities	<u>72,624,474</u>
 NET POSITION	
Net investment in capital assets	15,596,709
Restricted for debt service	2,334,842
Unrestricted	<u>(970,134)</u>
Total Net Position	<u>\$ 16,961,417</u>

See accompanying notes to financial statements.

North River Ranch Improvement Stewardship District
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for	Operating	Capital	Revenues and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities					
General government	\$ (378,714)	\$ 313,021	\$ 1,499	\$ -	\$ (64,194)
Physical environment	(4,561,507)	1,668,759	7,988	10,908,789	8,024,029
Culture/recreation	(2,007,531)	1,151,682	5,513	-	(850,336)
Interest and other charges	(4,140,144)	12,803,140	-	-	8,662,996
Total Governmental Activities	<u>\$ (11,087,896)</u>	<u>\$15,936,602</u>	<u>\$ 15,000</u>	<u>\$ 10,908,789</u>	<u>15,772,495</u>
General Revenues					
					278,744
					423,623
					<u>702,367</u>
					<u>(63,304,416)</u>
					(46,829,554)
					63,790,971
					<u>\$ 16,961,417</u>

See accompanying notes to financial statements.

North River Ranch Improvement Stewardship District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 151,973	\$ -	\$ -	\$ 151,973
Accounts receivable	34,807	-	-	34,807
Interest receivable	-	27,419	348	27,767
Due from developer	-	-	2,530,843	2,530,843
Prepaid expenses	11,474	-	36,816	48,290
Deposits	12,108	-	-	12,108
Restricted assets				
Investments	-	8,687,442	120,643	8,808,085
Total Assets	<u>\$ 210,362</u>	<u>\$8,714,861</u>	<u>\$ 2,688,650</u>	<u>\$11,613,873</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 427,922	\$ -	\$ -	\$ 427,922
Contracts/retainage payable	-	-	3,123,521	3,123,521
Deferred revenue	8,127	-	-	8,127
Total Liabilities	<u>436,049</u>	<u>-</u>	<u>3,123,521</u>	<u>3,559,570</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>-</u>	<u>-</u>	<u>7,792</u>	<u>7,792</u>
FUND BALANCES				
Nonspendable - prepaid expenses/deposits	23,582	-	36,816	60,398
Restricted for debt service	-	8,714,861	-	8,714,861
Unassigned	(249,269)	-	(479,479)	(728,748)
Total Fund Balances	<u>(225,687)</u>	<u>8,714,861</u>	<u>(442,663)</u>	<u>8,046,511</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 210,362</u>	<u>\$8,714,861</u>	<u>\$ 2,688,650</u>	<u>\$11,613,873</u>

See accompanying notes to financial statements.

North River Ranch Improvement Stewardship District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2025

Total Governmental Fund Balances	\$ 8,046,511
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, construction in progress, \$20,820,748, infrastructure, \$64,235,624, equipment, \$160,912, net of accumulated depreciation, \$(7,315,696), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	77,901,588
Deferred amount on refunding, net, is not a current financial resource and therefore, is not reported at the fund level.	70,430
Long-term liabilities, including bonds payable, \$(66,895,000), developer advance, \$(530,000), and financed purchase, \$(39,576), do not use current financial resources, and therefore, are not recognized at the fund level, however, all liabilities are recognized at the government-wide level.	(67,464,576)
Interest on long-term debt is recognized when paid at the fund level, however, at the government-wide level interest is recognized as incurred.	(1,600,328)
Unavailable revenues are recognized as deferred inflows of resources at the fund level. Revenues are recognized when earned at the government-wide level.	7,792
Net Position of Governmental Activities	<u>\$ 16,961,417</u>

See accompanying notes to financial statements.

North River Ranch Improvement Stewardship District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	\$ 3,133,462	\$ 12,803,140	\$ -	\$ 15,936,602
Developer contributions	15,000	-	11,399,407	11,414,407
Investment earnings	41,626	369,642	12,355	423,623
Miscellaneous revenues	26,700	-	252,044	278,744
Total Revenues	<u>3,216,788</u>	<u>13,172,782</u>	<u>11,663,806</u>	<u>28,053,376</u>
Expenditures				
Current				
General government	375,638	-	3,076	378,714
Physical environment	2,002,581	-	-	2,002,581
Culture/recreation	1,382,067	-	-	1,382,067
Capital outlay	-	-	11,360,311	11,360,311
Debt Service				
Principal	19,727	9,645,000	-	9,664,727
Interest	7,007	4,338,422	-	4,345,429
Other	-	7,964	-	7,964
Total Expenditures	<u>3,787,020</u>	<u>13,991,386</u>	<u>11,363,387</u>	<u>29,141,793</u>
Excess of revenues over/(under) expenditures	<u>(570,232)</u>	<u>(818,604)</u>	<u>300,419</u>	<u>(1,088,417)</u>
Other Financing Sources/(Uses)				
Issuance of long-term debt	260,000	-	-	260,000
Transfers in	-	95,949	-	95,949
Transfers out	(2,000)	-	(93,949)	(95,949)
Total Other Financing Sources/(Uses)	<u>258,000</u>	<u>95,949</u>	<u>(93,949)</u>	<u>260,000</u>
Net change in fund balances	(312,232)	(722,655)	206,470	(828,417)
Fund Balances - October 1, 2024	<u>86,545</u>	<u>9,437,516</u>	<u>(649,133)</u>	<u>8,874,928</u>
Fund Balances - September 30, 2025	<u>\$ (225,687)</u>	<u>\$ 8,714,861</u>	<u>\$ (442,663)</u>	<u>\$ 8,046,511</u>

See accompanying notes to financial statements.

**North River Ranch Improvement Stewardship District
RECONCILIATION OF THE STATEMENT
OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2025**

Net Change in Fund Balances - Total Governmental Funds	\$ (828,417)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount that capital outlay, \$11,360,311, was exceeded by depreciation, \$(3,184,390), and conveyances of capital assets to others, \$(63,304,416), in the current year.	(55,128,495)
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The issuance of long-term debt, developer advance, \$(260,000), is recognized as an other financing source at the fund level; however, it increases liabilities at the government-wide level.	(260,000)
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Repayments of bond principal, \$9,645,000, and financed purchase principal, \$19,727, are expenditures at the fund level, but the repayments reduce long-term liabilities in the Statement of Net Position.	9,664,727
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In the Statement of Activities, interest is accrued on outstanding bonds; whereas at the fund level, interest expenditures are reported when due. This is the net amount between the prior year and current year accruals.	222,537
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Deferred outflows of resources for refunding debt is recognized as a component of interest on long-term debt in the Statement of Activities, but not at the fund level. This is the amount of interest in the current year.	(9,288)
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Unavailable revenues are reflected as deferred inflows of resources at the fund level; however revenue is recognized when earned at the government-wide level. This is the current year change in unavailable revenue.	(490,618)
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Change in Net Position of Governmental Activities	<u><u>\$ (46,829,554)</u></u>
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See accompanying notes to financial statements.

North River Ranch Improvement Stewardship District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$3,084,357	\$3,084,357	\$ 3,133,462	\$ 49,105
Developer contributions	5,000	17,249	15,000	(2,249)
Investment earnings	37,836	41,292	41,626	334
Miscellaneous revenues	24,800	30,285	26,700	(3,585)
Total Revenues	<u>3,151,993</u>	<u>3,173,183</u>	<u>3,216,788</u>	<u>43,605</u>
Expenditures				
Current				
General government	349,230	338,090	375,638	(37,548)
Physical environment	1,733,100	1,664,580	2,002,581	(338,001)
Culture/recreation	1,033,663	1,225,153	1,382,067	(156,914)
Capital outlay	96,000	80,711	-	80,711
Debt Service				
Principal	-	-	19,727	(19,727)
Interest	-	-	7,007	(7,007)
Total Expenditures	<u>3,211,993</u>	<u>3,308,534</u>	<u>3,787,020</u>	<u>(478,486)</u>
Excess of Revenues Over/(Under) Expenditures	<u>(60,000)</u>	<u>(135,351)</u>	<u>(570,232)</u>	<u>(434,881)</u>
Other Financing Sources/(Uses)				
Issuance of long-term debt	-	-	260,000	260,000
Transfers out	-	-	(2,000)	(2,000)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>258,000</u>	<u>258,000</u>
Net Change in Fund Balances	(60,000)	(135,351)	(312,232)	(176,881)
Fund Balances - October 1, 2024	<u>60,000</u>	<u>135,351</u>	<u>86,545</u>	<u>(48,806)</u>
Fund Balances - September 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (225,687)</u>	<u>\$ (225,687)</u>

See accompanying notes to financial statements.

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established on June 9, 2020, pursuant to Chapter 2020-191, Laws of Florida as an Improvement Stewardship District. In October 2021, pursuant to Manatee County Board of County Commissioners Ordinances No 21-39 and 21-40 Fieldstone Community Development District and North River Ranch Community Development District merged with North River Ranch Improvement Stewardship District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the North River Ranch Improvement Stewardship District. The District is governed by a five member Board of Supervisors. All the Supervisors are employed by the Developer.

In October 2021, two Districts (Fieldstone Community Development District and North River Ranch Community Development District) located within the boundaries of North River Ranch Improvement Stewardship District merged with North River Ranch Improvement Stewardship District, the surviving entity and, in accordance with the terms of the merger, assumed all of the outstanding bonds and related obligations previously held by Fieldstone Community Development District, Series 2019A-1 and Series 2019 A-1 and Series 2019 A-2 (Morgan's Glen), and North River Ranch Community Development District, Series 2020A-1 and Series 2020A-2.

In May 2024, the House Bill No 867, Chapter 2024-287, amended the District's boundaries, adding a total area of 2,113.21 acres.

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

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board, The Financial Reporting Entity, the District has identified no component units.

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting

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

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

a. Government-wide Financial Statements

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

Governmental activities are supported by special assessments, developer contributions and interest. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

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

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

b. Fund Financial Statements

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

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

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

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

The District has various policies governing the fund balance classifications.

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

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

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

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

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

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

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

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

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

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

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

Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

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

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Fund – The Debt Service Fund accounts for debt service requirements to retire the outstanding bonds.

Capital Projects Fund – The Capital Projects Fund accounts for the construction of infrastructure improvements within the District.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as capital assets, and non-current governmental liabilities, such as special assessment bonds and developer advance, be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

a. Cash and Investments

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

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

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

a. Cash and Investments (Continued)

Cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

b. Capital Assets

Capital assets, which include construction in progress, infrastructure, and equipment, are reported in the applicable governmental activities column.

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

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

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

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

Infrastructure	20-30 years
Equipment	10-40 years

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

c. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods. The District reported a deferred amount on refunding on the Statement of Net Position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

d. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District only has one item that qualifies for reporting in the category. Unavailable revenues are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

e. Budgets

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

f. Use of Estimates

The preparation of the 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 financial statement date and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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

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

“Total fund balances” of the District’s governmental funds, \$8,046,511, differs from “net position” of governmental activities, \$16,961,417, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

Capital related items

When capital assets, that are to be used in governmental activities, are purchased or constructed, the cost of those assets is reported as expenditures at the fund level. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Construction in progress	\$ 20,820,748
Infrastructure	64,235,624
Equipment	160,912
Accumulated depreciation	<u>(7,315,696)</u>
Total	<u>\$ 77,901,588</u>

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund level liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Bonds payable	\$ (66,895,000)
Developer advance	(530,000)
Financed purchase payable	<u>(39,576)</u>
Total	<u>\$ (67,464,576)</u>

Accrued interest

Accrued liabilities in the Statement of Net Position differ from the amount reported at the fund level due to the accrued interest on bonds.

Accrued interest	<u>\$ (1,600,328)</u>
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North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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

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

Deferred Outflows/Inflows of Resources

Deferred amount on refunding is recognized as a deferred outflow of resources at the government-wide level and amortized over the life of the bonds.

Deferred amount on refunding, net	\$ <u>70,430</u>
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Unavailable revenues are recognized as deferred inflows of resources at the fund level; however, revenues are recognized when earned at the government-wide level.

Unavailable revenues	\$ <u>7,792</u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds, \$(828,417), differs from the “change in net position” for governmental activities, \$(46,829,554), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below:

Capital related items

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

Capital outlay	\$ 11,360,311
Depreciation	(3,184,390)
Conveyance of capital assets	<u>(63,304,416)</u>
Net Change	<u>\$ (55,128,495)</u>

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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

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

Long-term debt transactions

Long-term debt transactions are recognized as other financing sources and uses at the fund level but affect liabilities at the government-wide level.

Bond principal payments	\$ 9,645,000
Financed purchase payments	19,727
Issuance of long-term debt	<u>(260,000)</u>
Total	<u>\$ 9,404,727</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures at the fund level.

Net change in accrued interest payable	<u>\$ 222,537</u>
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Deferred outflows/inflows of resources

Unavailable revenues are recognized as deferred inflows of resources at the fund level. Revenues are recognized when earned at the government-wide level.

Current amortization of deferred amount on refunding	<u>\$ (9,288)</u>
Net change in unavailable revenues	<u>\$ (490,618)</u>

NOTE C – CASH AND INVESTMENTS

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2025, the District's bank balance was \$620,535 and the carrying value was \$151,973. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by the Federal Deposit Insurance Corporation or collateralized under Chapter 280, Florida Statutes.

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments

As of September 30, 2025, the District had the following investments.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. Bank Money Market	N/A	<u>\$ 8,808,085</u>

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

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

Based on the criteria in the preceding paragraph, the investments listed above are not subject to the fair value hierarchy.

Interest Rate Risk

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

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2025, the District's investment in U.S. Bank Money Market was not rated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in U.S. Bank Money Market are 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2025 were typical. The District considers any decline in fair value for certain investments to be temporary.

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE D – CAPITAL ASSETS

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

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 87,052,116	\$ 11,360,311	\$ (77,591,679)	\$ 20,820,748
Capital assets, being depreciated:				
Infrastructure	49,964,367	26,549,625	(12,278,368)	64,235,624
Equipment	144,906	16,006	-	160,912
Less accumulated depreciation:				
Infrastructure	(4,118,489)	(3,153,547)	-	(7,272,036)
Equipment	(12,817)	(30,843)	-	(43,660)
Capital Assets, Being Depreciated, Net	<u>45,977,967</u>	<u>23,381,241</u>	<u>(12,278,368)</u>	<u>57,080,840</u>
Governmental Activities Capital Assets	<u>\$ 133,030,083</u>	<u>\$ 34,741,552</u>	<u>\$ (89,870,047)</u>	<u>\$ 77,901,588</u>

Depreciation was charged to physical environment, \$2,558,926, and culture/recreation, \$625,464.

NOTE E – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefited property within the District. Operating and Maintenance Assessments are based upon the adopted budget and levied annually at a public hearing by the District. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collections (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Assessments paid in March are without discount.

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE F – LONG-TERM DEBT

The following is a summary of bonded debt activity for the District for the year ended September 30, 2025:

	Balance October 1, 2024	Additions	Reductions	Balance September 30, 2025	Current Portion
<u>Governmental Activities:</u>					
Series 2019A-1	\$ 9,110,000	\$ -	\$ (185,000)	\$ 8,925,000	\$ 190,000
Series 2019A-1 (Morgan's Glen)	5,060,000	-	(105,000)	4,955,000	110,000
Series 2019A-2 (Morgan's Glen)	535,000	-	(535,000)	-	-
Series 2020A-1	7,235,000	-	(155,000)	7,080,000	160,000
Series 2020A-2	1,990,000	-	(1,315,000)	675,000	-
Series 2023A-1	10,355,000	-	(170,000)	10,185,000	140,000
Series 2023 A-2	21,310,000	-	(5,910,000)	15,400,000	-
Series 2023A	9,610,000	-	(1,215,000)	8,395,000	100,000
Series 2023B	11,335,000	-	(55,000)	11,280,000	-
Bonds Payable, Net	<u>\$ 76,540,000</u>	<u>\$ -</u>	<u>\$ (9,645,000)</u>	<u>\$ 66,895,000</u>	<u>\$ 700,000</u>

District bonded debt is comprised of the following at September 30, 2025:

Capital Improvement Revenue Bonds

\$9,910,000 Series 2019A-1 Capital Improvement Revenue Bonds maturing through 2049, at various interest rates between 4.75% and 5.35%, payable May 1 and November 1.

\$5,530,000 Series 2019A-1 (Morgan's Glen Project) Capital Improvement Revenue Bonds maturing through 2049, at various interest rates between 4.60% and 5.20%, payable May 1 and November 1.

\$5,045,000 Series 2019A-2 (Morgan's Glen Project) Capital Improvement Revenue Bonds maturing May 1, 2029, at an interest rate of 5.20%, payable May 1 and November 1.

\$7,670,000 Series 2020A-1 Capital Improvement Revenue Bonds maturing through 2051, at various interest rates between 3.00% and 4.25%, payable May 1 and November 1.

\$5,010,000 Series 2020A-2 Capital Improvement Revenue Bonds maturing May 1, 2035, at an interest rate of 4.20%, payable May 1 and November 1.

Special Assessment Revenue Bonds

\$10,395,000 Series 2023A-1 Special Assessment Revenue Bonds maturing May 1, 2054, at rates of 5.8% and 6%, payable May 1 and November 1.

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE F – LONG-TERM DEBT (CONTINUED)

Special Assessment Revenue Bonds (Continued)

\$21,865,000 Series 2023A-2 Special Assessment Revenue Refunding Bonds maturing May 1, 2033, at an interest rate of 5.75%, payable May 1 and November 1.

\$9,630,000 Series 2023A Special Assessment Revenue Bonds maturing May 1, 2055, at various interest rates between 5.70% and 6.70%, payable May 1 and November 1.

\$11,335,000 Series 2023B Special Assessment Revenue Bonds maturing May 1, 2035, at an interest rate of 6.80%, payable May 1 and November 1.

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2025 are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 700,000	\$ 3,840,788	\$ 4,540,788
2027	730,000	3,807,283	4,537,283
2028	775,000	3,771,863	4,546,863
2029	805,000	3,727,648	4,532,648
2030	850,000	3,695,015	4,545,015
2031-2035	32,315,000	15,997,883	48,312,883
2036-2040	6,455,000	7,934,220	14,389,220
2041-2045	8,430,000	5,990,923	14,420,923
2046-2050	10,050,000	3,422,425	13,472,425
2051-2055	5,785,000	996,338	6,781,338
Totals	<u>\$ 66,895,000</u>	<u>\$ 53,184,386</u>	<u>\$ 120,079,386</u>

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE F – LONG-TERM DEBT (CONTINUED)

Summary of Significant Bonds Resolution Terms and Covenants

Significant Bond Provisions

The Series 2019A-1 and Series 2019A-1 (Morgan's Glen) Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2029, at a price equal to the par amount of the respective Bonds thereof, together with accrued interest to the date of redemption. The Series 2020A-1 and Series 2020A-2 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2030, at a price equal to the par amount of the respective Bonds thereof, together with accrued interest to the date of redemption. The Series 2023A-1 Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part on any date on or after May 1, 2033, at the redemption price of the principal amount, plus accrued interest. The Series 2023A Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part on any date on or after May 1, 2034, at the redemption price of the principal amount, plus accrued interest. The Series 2023B Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part on any date at the redemption price of the principal amount, plus accrued interest. The Series 2019A-2 (Morgan's Glen) and Series 2023A-2 Bonds are not subject to redemption prior to maturity at the option of the District. The Series 2019A-1, Series 2019A-1 (Morgan's Glen), Series 2019A-2 (Morgan's Glen), Series 2020A-1, Series 2020A-2, Series 2023A-1, Series 2023A-2, Series 2023A, and Series 2023B Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Trust Indenture requires certain amounts to be maintained in a reserve account. In addition, the Trust Indenture has certain 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.

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE F – LONG-TERM DEBT (CONTINUED)

Depository Funds

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Funds – The Series 2019A-1 and Series 2019A-1 (Morgan's Glen) Reserve Accounts are funded from the proceeds of the Bonds in an amount equal to twenty-five percent of the maximum annual debt service required for the respective bond. The Series 2020A-1 and 2020A-2, Reserve Accounts are funded from the proceeds of the Bonds in an amount equal to fifty percent of the maximum annual debt service required for the respective bond. The Series 2023A-1 and Series 2023A Reserve Accounts are funded from the proceeds of the Bonds in an amount equal to one hundred percent of the maximum annual debt service required for each respective bond. Upon satisfying specific release conditions, as described in the trust indenture, the requirement will be reduced. The Series 2023A-2 and Series 2023B Reserve Accounts are funded from the proceeds of the Bonds in an amount equal to one hundred percent of the maximum interest requirement for each respective bond. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

The following is a schedule of required reserve balances as of September 30, 2025:

	Reserve Balance	Reserve Requirement
Series 2019A-1 Capital Improvement Revenue Bond	\$ 166,057	\$ 166,057
Series 2019A-1 (Morgan's Glen) Capital Improvement Revenue Bond	\$ 90,994	\$ 90,369
Series 2020A-1 Capital Improvement Revenue Bond	\$ 224,050	\$ 224,050
Series 2020A-2 Capital Improvement Revenue Bond	\$ 21,525	\$ 14,175
Series 2023A-1 Special Assessment Revenue Bond	\$ 738,950	\$ 738,950
Series 2023A-2 Special Assesment Revenue and Refunding Bond	\$ 885,500	\$ 885,500
Series 2023A Special Assessment Revenue Bond	\$ 645,690	\$ 644,845
Series 2023B Special Assessment Revenue Bond	\$ 770,882	\$ 767,040

Developer Advance

The District entered into an agreement with the Developer to provide funding advances to aid cash flow to be repaid in the future. As of September 30, 2025, the District received advances totaling \$530,000. The Developer advance balance as of September 30, 2025, was \$530,000.

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE G – INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2025, consisted of the following:

Transfers In	Transfers Out		Total
	General Fund	Capital Projects Fund	
Debt Service Fund	\$ 2,000	\$ 93,949	\$ 95,949

Interfund transfers between the Capital Projects Funds and Debt Service Funds were made in accordance with the Trust Indenture. Interfund transfer between the General Fund, and the Debt Service Fund relate to monies received in one fund on the behalf of the other that have not yet been remitted at year end.

NOTE H – FINANCED PURCHASE

The District entered into a 36-month financed purchase agreement for certain equipment during the year ended September 30, 2024. The asset has been recorded at the present value of future minimum payments. The agreement has a total cost of \$65,296 and carrying value of \$39,576. The net book value is \$34,462 as of September 30, 2025.

The annual requirements to amortize the principal and interest of the financed purchase as of September 30, 2025, were as follows:

Year Ending September 30,	Governmental Activities Payments
2026	\$ 26,734
2027	17,823
Total minimum payments	44,557
Less: amount representing interest	4,981
Present value of future minimum payments	\$ 39,576

NOTE I – RELATED PARTY TRANSACTIONS

All voting members of the Board of Supervisors are employed by the Developer or a related entity. The District received \$15,000 in operating contributions and \$10,908,789 in capital contributions from the Developer for the year ended September 30, 2025. In addition, the District has a balance of \$2,530,843 due from the Developer and \$530,000 due to the Developer reported as a Developer advance as of September 30, 2025.

North River Ranch Improvement Stewardship District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE J – ECONOMIC DEPENDENCY

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

NOTE K – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. These risks are covered by commercial insurance from independent third parties. There were no claims or settled claims from these risks for each of the past three years.

NOTE L – SUBSEQUENT EVENTS

In November 2025, February 2026, May 2026, and August 2026, the District made prepayments on the following bonds:

	November 1, 2025	February 1, 2026	May 1, 2026	August 1, 2026
Series 2019A-1 (Morgan's Glen)	\$ 90,000	\$ 5,000	\$ -	\$ -
Series 2020A-2	675,000	-	-	-
Series 2023A-1	10,000	5,000	-	10,000
Series 2023 A-2	2,025,000	1,195,000	1,385,000	950,000
Series 2023A	100,000	15,000	5,000	10,000
Series 2023B	10,000	-	-	-
	<u>2,910,000</u>	<u>1,220,000</u>	<u>1,390,000</u>	<u>970,000</u>
Total Subsequent Prepayments	<u>\$ 2,910,000</u>	<u>\$ 1,220,000</u>	<u>\$ 1,390,000</u>	<u>\$ 970,000</u>



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

To the Board of Supervisors
North River Ranch Improvement Stewardship District
Manatee 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, as listed in the table of contents, of North River Ranch Improvement Stewardship District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated September 25, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered North River Ranch Improvement Stewardship 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 North River Ranch Improvement Stewardship District's internal control. Accordingly, we do not express an opinion on the effectiveness of North River Ranch Improvement Stewardship District's internal control.

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

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

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To the Board of Supervisors
North River Ranch Improvement Stewardship District

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

September 25, 2026



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

MANAGEMENT LETTER

To the Board of Supervisors
North River Ranch Improvement Stewardship District
Manatee County, Florida

Report on the Financial Statements

We have audited the financial statements of North River Ranch Improvement Stewardship District as of and for the year ended September 30, 2025, and have issued our report thereon dated September 25, 2026.

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 Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA 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 25, 2026, 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 made to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the preceding financial audit report.



To the Board of Supervisors
North River Ranch Improvement Stewardship District

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not North River Ranch Improvement Stewardship District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that North River Ranch Improvement Stewardship 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 North River Ranch Improvement Stewardship District. It is management's responsibility to monitor North River Ranch Improvement Stewardship District's financial condition; and our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

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 had the following recommendation:

Finding 25-01

Finding: The District is not in compliance with Section 189.016, Florida Statutes, due to the budget being over-expended.

Recommendation: The District should monitor expenditures in future years to ensure that actual expenditures do not exceed the budget.

Management Response: Expenditures will be monitored in future years to ensure budget compliance.

Specific Information

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

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

- 1) The total number of District employees compensated in the last pay period of the District's fiscal year as: 0
- 2) The total number of independent contractors, to whom nonemployee compensation was paid in the last month of the District's fiscal year as: 17
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as: \$0
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$1,859,051.76

To the Board of Supervisors
North River Ranch Improvement Stewardship District

- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2024, together with the total expenditures for such project as:
- Steadfast Alliance - \$693,019.53
 - Florida Asphalt and Concrete - \$537,053.02
 - Impact Landscaping - \$98,500.00
 - Steadfast Alliance - \$249,440.57
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was amended. See Original vs. Actual below:

	Original Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues			
Special assessments	\$3,084,357	\$3,133,462	\$ 49,105
Developer contributions	5,000	15,000	10,000
Investment earnings	37,836	41,626	3,790
Miscellaneous revenues	24,800	26,700	1,900
Total Revenues	3,151,993	3,216,788	64,795
Expenditures			
Current			
General government	349,230	375,638	(26,408)
Physical environment	1,733,100	2,002,581	(269,481)
Culture/recreation	1,033,663	1,382,067	(348,404)
Capital outlay	96,000	-	96,000
Debt Service			
Principal	-	19,727	(19,727)
Interest	-	7,007	(7,007)
Total Expenditures	3,211,993	3,787,020	(575,027)
Excess of Revenues over/(under) Expenditures	(60,000)	(570,232)	(510,232)
Other Financing Sources/(Uses)			
Issuance of long-term debt	-	260,000	260,000
Transfers out	-	(2,000)	(2,000)
Total Other Financing Sources/(Uses)	-	258,000	258,000
Net Change in Fund Balances	(60,000)	(312,232)	(252,232)
Fund Balances - October 1, 2024	60,000	86,545	26,545
Fund Balances - September 30, 2025	\$ -	\$ (225,687)	\$ (225,687)



To the Board of Supervisors
North River Ranch Improvement Stewardship District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, North River Ranch Improvement Stewardship District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District:
\$879.57 – \$1,671.18 for the General Fund and \$917.82 – \$1,958.74 for the Debt Service Fund
- 2) The amount of special assessments collected by or on behalf of the District: \$15,936,602
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds are as follows: See Note F of the audit report for details.

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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has 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 the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger Toombs Elam
Gaines + Frank*

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

September 25, 2026



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

To the Board of Supervisors
North River Ranch Improvement Stewardship District
Manatee County, Florida

We have examined North River Ranch Improvement Stewardship District's compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2025. Management is responsible for North River Ranch Improvement Stewardship District's compliance with those requirements. Our responsibility is to express an opinion on North River Ranch Improvement Stewardship District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about North River Ranch Improvement Stewardship District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on North River Ranch Improvement Stewardship District's compliance with the specified requirements.

In our opinion, North River Ranch Improvement Stewardship District complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2025.

*Berger Toombs Elam
Gaines + Frank*

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

September 25, 2026