# LAKE ASHTON II
# COMMUNITY DEVELOPMENT DISTRICT
# POLK COUNTY, FLORIDA
# FINANCIAL REPORT
# FOR THE FISCAL YEAR ENDED
# SEPTEMBER 30, 2023

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**

**TABLE OF CONTENTS**


| | Page |
|---|---|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3-6 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 7 |
| Statement of Activities | 8 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 9 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position | 10 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 11 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 12 |
| Statement of Net Position – Proprietary Fund | 13 |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund | 14 |
| Statement of Cash Flow – Proprietary Fund | 15 |
| Notes to the Financial Statements | 16-27 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | 28 |
| Notes to Required Supplementary Information | 29 |
| OTHER INFORMATION | |
| Data Elements required by FL Statute 218.39 (3) (c) | 30 |
| INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* | 31-32 |
| 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 | 33 |
| MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA | 34-35 |

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Lake Ashton II Community Development District
Polk County, Florida

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Lake Ashton II Community Development District, Polk County, Florida ("District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *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 September 24, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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

September 24, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Lake Ashton II Community Development District, Polk County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and 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 $26,673,321.

- The change in the District's total net position in comparison with the prior fiscal year was $402,837, an increase. 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, 2023, the District's governmental funds reported combined ending fund balances of $802,987, a decrease of ($27,712) in comparison with the prior fiscal year. The total fund balance is non-spendable for prepaid items and deposits, restricted for debt service, assigned for subsequent year's expenditures and capital reserves, and the remainder is unassigned fund balance.

- The District's enterprise fund reported a net position of $63,304, an increase of $403,949 in comparison with the prior fiscal year.

### 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.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and maintenance operations. The business-type activities of the District include a golf course operation.

#### 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. All of the funds of the District can be divided into two categories: governmental funds and proprietary 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 three 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, debt service fund and capital projects fund, all of which are considered major funds.

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

Proprietary Funds

The District maintains one type of proprietary fund, enterprise funds. An enterprise fund is used to report the same function presented as business-type activities in the government-wide financial statements. The District maintains one enterprise fund. The District uses the golf course fund to account for the operations of the golf course and related recreational facilities.

Proprietary funds provide the same type of information as the government-wide financial statement, only in more detail.

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.

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 remaining balance of unrestricted net position may be used to meet the District's other obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

NET POSITION
SEPTEMBER 30,

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | $ 890,128 | $ 887,750 | $ 1,339,377 | $ 1,384,872 | $ 2,229,505 | $ 2,272,622 |
| Capital assets, net of depreciation | 31,946,034 | 32,421,010 | 367,426 | 386,503 | 32,313,460 | 32,807,513 |
| Total assets | 32,836,162 | 33,308,760 | 1,706,803 | 1,771,375 | 34,542,965 | 35,080,135 |
| Current liabilities | 149,145 | 122,631 | 1,284,428 | 1,592,197 | 1,433,573 | 1,714,828 |
| Long-term liabilities | 6,077,000 | 6,575,000 | 359,071 | 519,823 | 6,436,071 | 7,094,823 |
| Total liabilities | 6,226,145 | 6,697,631 | 1,643,499 | 2,112,020 | 7,869,644 | 8,809,651 |
| Net position | | | | | | |
| Net investment in capital assets | 25,869,034 | 25,846,010 | (2,074) | (143,749) | 25,866,960 | 25,702,261 |
| Restricted | 117,091 | 150,282 | - | - | 117,091 | 150,282 |
| Unrestricted | 623,892 | 614,837 | 65,378 | (196,896) | 689,270 | 417,941 |
| Total net position | $ 26,610,017 | $ 26,611,129 | $ 63,304 | $ (340,645) | $ 26,673,321 | $ 26,270,484 |

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which the costs of operation 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,

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $ 2,263,232 | $ 2,372,329 | 2,444,209 | $ 2,246,761 | $ 4,707,441 | $ 4,619,090 |
| Operating grants and contributions | 8,767 | 410 | - | - | 8,767 | 410 |
| Capital grants and contributions | - | 6 | - | 941 | - | 947 |
| General revenues | | | | | | |
| Unrestricted investment earnings | 14,028 | 6,404 | - | - | 14,028 | 6,404 |
| Miscellaneous | 91,108 | 77,151 | - | - | 91,108 | 77,151 |
| Total revenues | 2,377,135 | 2,456,300 | 2,444,209 | 2,247,702 | 4,821,344 | 4,704,002 |
| Expenses: | | | | | | |
| General government | 224,120 | 211,961 | - | - | 224,120 | 211,961 |
| Maintenance and operations | 1,861,143 | 1,758,662 | - | - | 1,861,143 | 1,758,662 |
| Bond issue costs | - | 184,338 | - | - | - | 184,338 |
| Interest | 153,817 | 223,264 | 36,650 | 37,982 | 190,467 | 261,246 |
| Golf course | - | - | 2,142,777 | 2,004,478 | 2,142,777 | 2,004,478 |
| Total expenses | 2,239,080 | 2,378,225 | 2,179,427 | 2,042,460 | 4,418,507 | 4,420,685 |
| Transfers | (139,167) | (142,997) | 139,167 | 142,997 | - | - |
| Change in net position | (1,112) | (64,922) | 403,949 | 348,239 | 402,837 | 283,317 |
| Net position - beginning | 26,611,129 | 26,676,051 | (340,645) | (688,884) | 26,270,484 | 25,987,167 |
| Net position - ending | $ 26,610,017 | $ 26,611,129 | $ 63,304 | $ (340,645) | $ 26,673,321 | $ 26,270,484 |

**Governmental activities**

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2023 was $2,239,080. The costs of the District's activities were funded by program revenues. Program revenues, comprised primarily of assessments, decreased in the current year as result of a decrease in prepaid assessments. In total, expenses decreased from the prior year mainly as a result of bond issue costs incurred in the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

**Business-type activities**

Business-type activities reflect the operations of the golf course of the District, which includes a pro-shop and restaurant. The cost of operations is primarily covered by charges to customers.

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. Actual general fund expenditures for the fiscal year ended September 30, 2023 exceeded appropriations by $4,864. The over expenditures were funded by available fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the District had $37,184,228 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of $5,238,194 has been taken, which resulted in a net book value of $31,946,034. The District's business-type activities reported net capital assets of $367,426. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2023, the District had $6,077,000 Bonds outstanding for its governmental activities. For business-type activities, the District had a promissory note outstanding in the amount of $255,352 and capital leases totaling $103,719. 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. In a prior fiscal year, the District authorized filing a petition with Polk County, Florida to amend the District's boundary to include parcels currently within Lake Ashton Community Development District. During the current year, the District received the needed approvals from the City of Lake Wales and Polk County in order to amend the District's boundary.

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 Lake Ashton II Community Development District's Finance Department at 5385 N. Nob Hill Road, Sunrise, Florida, 33351.

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2023**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash | $ 679,267 | $ 1,197,694 | $ 1,876,961 |
| Investments | 2,123 | - | 2,123 |
| Assessments receivable | 5,423 | - | 5,423 |
| Interest receivable | 773 | - | 773 |
| Accounts receivable | 1,382 | 22,422 | 23,804 |
| Deposits | 23,307 | - | 23,307 |
| Prepaid items | 1,978 | 20,894 | 22,872 |
| Inventory | - | 98,367 | 98,367 |
| Restricted assets: | | | |
| Investments | 175,875 | - | 175,875 |
| Capital assets: | | | |
| Nondepreciable | 23,308,813 | 194,610 | 23,503,423 |
| Depreciable, net | 8,637,221 | 172,816 | 8,810,037 |
| Total assets | 32,836,162 | 1,706,803 | 34,542,965 |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 85,391 | 109,725 | 195,116 |
| Unearned revenue | - | 1,164,274 | 1,164,274 |
| Deposits payable | 1,750 | - | 1,750 |
| Accrued interest payable | 62,004 | 10,429 | 72,433 |
| Non-current liabilities: | | | |
| Due within one year | 376,000 | 167,942 | 543,942 |
| Due in more than one year | 5,701,000 | 191,129 | 5,892,129 |
| Total liabilities | 6,226,145 | 1,643,499 | 7,869,644 |
| NET POSITION | | | |
| Net investment in capital assets | 25,869,034 | (2,074) | 25,866,960 |
| Restricted for debt service | 117,091 | - | 117,091 |
| Unrestricted | 623,892 | 65,378 | 689,270 |
| Total net position | $ 26,610,017 | $ 63,304 | $ 26,673,321 |

See notes to the financial statements

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**STATEMENT OF ACTIVITIES**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-type Activities | Total |
|---|---|---|---|---|---|---|
| Governmental activities: | | | | | | |
| General government | $ 224,120 | $ 224,120 | $ - | $ - | $ - | $ - |
| Maintenance and operations | 1,861,143 | 1,429,253 | - | (431,890) | - | (431,890) |
| Interest on long-term debt | 153,817 | 609,859 | 8,767 | 464,809 | - | 464,809 |
| Total governmental activities | 2,239,080 | 2,263,232 | 8,767 | 32,919 | - | 32,919 |
| Business-type activities: | | | | | | |
| Golf course | 2,142,777 | 2,444,209 | - | - | 301,432 | 301,432 |
| Interest on long-term debt | 36,650 | - | - | - | (36,650) | (36,650) |
| Total business-type activities | 2,179,427 | 2,444,209 | - | - | 264,782 | 264,782 |
| General revenues: | | | | | | |
| Unrestricted investment earnings | | | | 14,028 | - | 14,028 |
| Miscellaneous | | | | 91,108 | - | 91,108 |
| Total general revenues | | | | 105,136 | - | 105,136 |
| Transfers | | | | (139,167) | 139,167 | - |
| Change in net position | | | | (1,112) | 403,949 | 402,837 |
| Net position - beginning | | | | 26,611,129 | (340,645) | 26,270,484 |
| Net position - ending | | | | $ 26,610,017 | $ 63,304 | $ 26,673,321 |

See notes to the financial statements

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**SEPTEMBER 30, 2022**

| | Major Funds | | Total Governmental Funds |
|---|---|---|---|
| | General | Debt Service | |
| ASSETS | | | |
| Cash | $ 679,267 | $ - | $ 679,267 |
| Investments | 2,123 | 175,875 | 177,998 |
| Assessments receivable | 4,108 | 1,315 | 5,423 |
| Interest receivable | - | 773 | 773 |
| Accounts receivable | 1,382 | - | 1,382 |
| Due from other funds | - | 1,132 | 1,132 |
| Deposits | 23,307 | - | 23,307 |
| Prepaid items | 1,978 | - | 1,978 |
| Total assets | $ 712,165 | $ 179,095 | $ 891,260 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses | $ 85,391 | $ - | $ 85,391 |
| Deposits payable | 1,750 | - | 1,750 |
| Due to other funds | 1,132 | - | 1,132 |
| Total liabilities | 88,273 | - | 88,273 |
| Fund balances: | | | |
| Nonspendable: | | | |
| Prepaid items and deposits | 25,285 | - | 25,285 |
| Restricted for: | | | |
| Debt service | - | 179,095 | 179,095 |
| Assigned to: | | | |
| Subsequent year's expenditures | 355,873 | - | 355,873 |
| Capital reserve | 228,802 | - | 228,802 |
| Unassigned | 13,932 | - | 13,932 |
| Total fund balances | 623,892 | 179,095 | 802,987 |
| Total liabilities and fund balances | $ 712,165 | $ 179,095 | $ 891,260 |

See notes to the financial statements

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**
**TO THE STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2023**

| | | |
|---|---|---|
| Total fund balances - governmental funds | | $ 802,987 |
| 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 | 37,184,228 | |
| Accumulated depreciation | (5,238,194) | 31,946,034 |
| 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 | (62,004) | |
| Bonds payable | (6,077,000) | (6,139,004) |
| Net position of governmental activities | | $ 26,610,017 |

See notes to the financial statements

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**STATEMENT OF REVENUES, EXPENDITURES,**
**AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

| | Major Funds | | Total Governmental Funds |
|---|---|---|---|
| | General | Debt Service | |
| REVENUES | | | |
| Assessments | $ 1,653,373 | $ 609,859 | $ 2,263,232 |
| Interest | 14,028 | 8,767 | 22,795 |
| Miscellaneous | 91,108 | - | 91,108 |
| Total revenues | 1,758,509 | 618,626 | 2,377,135 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 224,120 | - | 224,120 |
| Maintenance and operations | 1,386,167 | - | 1,386,167 |
| Debt service: | | | |
| Principal | - | 498,000 | 498,000 |
| Interest | - | 157,393 | 157,393 |
| Total expenditures | 1,610,287 | 655,393 | 2,265,680 |
| Excess (deficiency) of revenues over (under) expenditures | 148,222 | (36,767) | 111,455 |
| OTHER FINANCING SOURCES (USES) | | | |
| Interfund transfers | (139,167) | - | (139,167) |
| Total other financing sources (uses) | (139,167) | - | (139,167) |
| Net change in fund balances | 9,055 | (36,767) | (27,712) |
| Fund balances - beginning | 614,837 | 215,862 | 830,699 |
| Fund balances - ending | $ 623,892 | $ 179,095 | $ 802,987 |

See notes to the financial statements

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, 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, 2023**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | (27,712) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities. | | (474,976) |
| Repayment 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. | | 498,000 |
| 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. | | 3,576 |
| Change in net position of governmental activities | $ | (1,112) |

See notes to the financial statements

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**STATEMENT OF NET POSITION – PROPRIETARY FUND**
**SEPTEMBER 30, 2023**

| | Business-type Activities - Enterprise Fund | |
|---|---|---|
| | Golf Course | Total |
| ASSETS | | |
| Current assets: | | |
| Cash and equivalents | $ 1,197,694 | $ 1,197,694 |
| Accounts receivable | 22,422 | 22,422 |
| Inventories | 98,367 | 98,367 |
| Prepaids and deposits | 20,894 | 20,894 |
| Total current assets | 1,339,377 | 1,339,377 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land and land improvements | 194,610 | 194,610 |
| Buildings and improvements | 52,390 | 52,390 |
| Machinery and equipment | 173,310 | 173,310 |
| Less accumulated depreciation | (52,884) | (52,884) |
| Total capital assets (net of depreciation) | 367,426 | 367,426 |
| Total noncurrent assets | 367,426 | 367,426 |
| Total assets | 1,706,803 | 1,706,803 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 89,488 | 89,488 |
| Accrued payroll | 20,237 | 20,237 |
| Unearned revenue | 1,164,274 | 1,164,274 |
| Note payable | 127,676 | 127,676 |
| Note payable - financed equipment | 40,266 | 40,266 |
| Accrued interest - note | 10,429 | 10,429 |
| Total current liabilities | 1,452,370 | 1,452,370 |
| Noncurrent liabilities | | |
| Note payable | 127,676 | 127,676 |
| Note payable - financed equipment | 63,453 | 63,453 |
| Total noncurrent liabilities | 191,129 | 191,129 |
| Total liabilities | 1,643,499 | 1,643,499 |
| NET POSITION | | |
| Net investment in capital assets | (2,074) | (2,074) |
| Unrestricted | 65,378 | 65,378 |
| Total net position | $ 63,304 | $ 63,304 |

See notes to the financial statements

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**STATEMENT OF REVENUES, EXPENSES,**
**AND CHANGES IN NET POSITION – PROPRIETARY FUND**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

| | Business-type Activities - Enterprise Fund | |
|---|---|---|
| | Golf Course | Total |
| Operating revenues: | | |
| Charges for services: | | |
| Golf Course | $ 1,897,756 | $ 1,897,756 |
| Pro Shop | 212,791 | 212,791 |
| Restaurant and concessions | 333,662 | 333,662 |
| Total operating revenues | 2,444,209 | 2,444,209 |
| Operating expenses: | | |
| Golf Course | 732,518 | 732,518 |
| Pro Shop | 194,047 | 194,047 |
| Restaurant and concessions | 176,050 | 176,050 |
| Administrative and other | 1,021,085 | 1,021,085 |
| Depreciation and amortization | 19,077 | 19,077 |
| Total operating expenses | 2,142,777 | 2,142,777 |
| Operating income (loss) | 301,432 | 301,432 |
| Nonoperating revenues (expenses): | | |
| Interest expense | (36,650) | (36,650) |
| Total nonoperating revenues (expenses) | (36,650) | (36,650) |
| Income before transfers | 264,782 | 264,782 |
| Transfers: | | |
| Transfers in (out) | 139,167 | 139,167 |
| Total transfers in (out) | 139,167 | 139,167 |
| Change in net position | 403,949 | 403,949 |
| Net position - beginning | (340,645) | (340,645) |
| Net position - ending | $ 63,304 | $ 63,304 |

See notes to the financial statements

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

| | Golf Course | Total |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and users | $ 2,211,226 | $ 2,211,226 |
| Payments to suppliers of goods and services | (3,222,325) | (3,222,325) |
| Payments to employees | 1,024,909 | 1,024,909 |
| Net cash provided (used) by operating activities | 13,810 | 13,810 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers from/(to) other funds | 139,167 | 139,167 |
| Net cash provided (used) by non-capital financing activities | 139,167 | 139,167 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Principal paid on bonds and capital lease | (160,752) | (160,752) |
| Interest paid on note | (36,650) | (36,650) |
| Net cash provided (used) by capital and related financing activities | (197,402) | (197,402) |
| Net increase (decrease) in cash and cash equivalents | (44,425) | (44,425) |
| Cash and cash equivalents - October 1 | 1,242,119 | 1,242,119 |
| Cash and cash equivalents - September 30 | $ 1,197,694 | $ 1,197,694 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Operating income (loss) | $ 301,432 | $ 301,432 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation and amortization expense | 19,077 | 19,077 |
| (Increase) decrease in accounts receivables | (67) | (67) |
| (Increase) decrease in inventories | (18,200) | (18,200) |
| (Increase) decrease in prepaid items | 19,337 | 19,337 |
| Increase (decrease) in accounts payable | (78,677) | (78,677) |
| Increase (decrease) in accrued payroll | 3,824 | 3,824 |
| Increase (decrease) in unearned revenue | (232,916) | (232,916) |
| Total adjustments | (287,622) | (287,622) |
| Net cash provided (used) by operating activities | $ 13,810 | $ 13,810 |

See notes to the financial statements

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**NOTES TO FINANCIAL STATEMENTS**

## NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Lake Ashton II Community Development District ("District") was created on March 2, 2005 by Ordinance 05-005 of Polk County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, and was thereafter expanded by Ordinance 05-042 on July 27, 2005. 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 qualified electors of the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:
1. Allocating 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 is 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 and enterprise fund 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 benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually at a public hearing of the District. Debt Service Assessments are levied when Bonds are issued and assessed and collected on an annual basis. The District may collect assessments directly or utilize the uniform method of collection (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 mailed by County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the Bond documents.

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.

Debt Service Fund

The debt service funds are used to account for the accumulation of resources for the annual payment of principal and interest on debt.

Capital Projects Fund

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

The District reports the following major proprietary fund:

Golf Course Fund

This enterprise fund is used to account for the operations of the golf course and related amenities that are to be financed and operated in a manner similar to private business enterprises. The costs of providing services to customers are to be recovered primarily through user charges.

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**
As a general rule, the effect of inter-fund 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.

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

Restricted Assets
These assets represent cash and investments set aside pursuant to Bond 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.

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a"2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The District has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

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 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 government 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.

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

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

Capital Assets (Continued)
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 |
|---|---|
| Infrastructure | 30 |
| Improvements other than buildings | 30 |
| Equipment | 4 - 15 |

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.

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

Compensated Absences
Employments may receive payments for hours not worked as a result of illness, emergency, for medical and dental care, or for personal reasons (“personal days”) up to a maximum of five (5) days in one year period, after 3 months of continuous employment. Paid vacation time for eligible employees is based on the number of years employed with the District and is earned and utilized on a calendar year basis. Eligible employees are required to utilize a minimum of one week vacation during the calendar year. Employees who have utilized one week (40 hours) vacation may request if available, a payout of vacation dollars in lieu of time off. Vacation time cannot be accumulated or “rolled over” to the next calendar year; unused vacation time is lost if not used before the end of each year.

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 non spendable 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 are 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 fund. 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) A public hearings is conducted to obtain comments.
c) Prior to October 1, the budget is legally adopted by the District Board.
d) Certain budget changes must be approved by the District Board, as further provided in its budget resolution.
e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
f) Unused appropriation 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, 2023:

| | Amortized Cost | Credit Risk | Maturities |
|---|---|---|---|
| Investment in Local Government Surplus Funds Trust Fund (Florida PRIME) | $ 2,123 | S&P AAAm | Weighted average of the fund portfolio: 35 days |
| US Bank Money Market Account | 175,875 | Not available | Not available |
| | $ 177,998 | | |

*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.

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. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the District's investments have been reported at amortized cost above.

## NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

**Investments (Continued)**

*External Investment Pool* – With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.

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

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

## NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended September 30, 2023 were as follows:

| Fund | Transfer in | Transfer Out |
|---|---|---|
| General fund | $ - | $ 139,167 |
| Golf Course | 139,167 | - |
| Total | $ 139,167 | $ 139,167 |

Transfers are used to move revenues from the fund where collection occurs to the fund where funds have been reallocated for use. In the case of the District, the transfers from the capital projects fund to the debt service fund was made in accordance with bond indenture. The transfer from the general fund to the golf course was made to cover the debt service payments on the note.

## NOTE 6 – CAPITAL ASSETS

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land & land improvements | $ 23,308,813 | $ - | $ - | $ 23,308,813 |
| Total capital assets, not being depreciated | 23,308,813 | - | - | 23,308,813 |
| | | | | |
| Capital assets, being depreciated | | | | |
| Infrastructure | 13,665,620 | - | - | 13,665,620 |
| Equipment and other | 209,795 | - | - | 209,795 |
| Total capital assets, being depreciated | 13,875,415 | - | - | 13,875,415 |
| | | | | |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 4,708,244 | 458,011 | - | 5,166,255 |
| Equipment and other | 54,974 | 16,965 | - | 71,939 |
| Total accumulated depreciation | 4,763,218 | 474,976 | - | 5,238,194 |
| | | | | |
| Total capital assets, being depreciated, net | 9,112,197 | (474,976) | - | 8,637,221 |
| | | | | |
| Governmental activities capital assets | $ 32,421,010 | $ (474,976) | $ - | $ 31,946,034 |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Business type activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | $ 194,610 | $ - | $ - | $ 194,610 |
| Total capital assets, not being depreciated | 194,610 | - | - | 194,610 |
| | | | | |
| Capital assets, being depreciated | | | | |
| Buildings | 42,395 | - | - | 42,395 |
| Other improvements | 9,995 | - | - | 9,995 |
| Equipment and other | 173,310 | - | - | 173,310 |
| Total capital assets, being depreciated | 225,700 | - | - | 225,700 |
| | | | | |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,945 | 1,413 | - | 5,358 |
| Other improvements | 930 | 333 | - | 1,263 |
| Equipment and other | 28,932 | 17,331 | - | 46,263 |
| Total accumulated depreciation | 33,807 | 19,077 | - | 52,884 |
| | | | | |
| Total capital assets, being depreciated, net | 191,893 | (19,077) | - | 172,816 |
| | | | | |
| Business type activities capital assets | $ 386,503 | $ (19,077) | $ - | $ 367,426 |

For governmental activities, depreciation expense was charged to the maintenance and operations function.

## NOTE 7 – LONG TERM LIABILITIES

**Series 2021**

On September 15, 2021, the District issued $3,535,000 of Capital Improvement Revenue Refunding Bonds, Series 2021 due May 1, 2036 with an average interest rate of 2.35%. The bonds were issued to refund the District's outstanding Capital Improvement Revenue Bonds, Series 2005 (the "Refunding Bonds"). 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, 2022 through May 1, 2036.

The Series 2021 Bonds are subject to redemption at the option of the District prior to maturity. The Series 2021 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 $30,000 of the Series 2021 Bonds.

There is no debt service reserve requirement for the Series 2021, however, there are 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. The District was in compliance with the requirements at September 30, 2023.

**Series 2022**

On February 22, 2022, the District issued $3,245,000 of Capital Improvement Refunding Bonds, Series 2022, due on May 1, 2038 with interest rates ranging from 1.77% to 3.09%. The Bonds were issued to refund the District's outstanding Capital Improvements Revenue Bonds, Series 2006. 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, 2023 through May 1, 2038.

The Series 2022 Bonds are subject to redemption at the option of the District prior to maturity. The Series 2022 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 $88,000 of the Series 2022 Bonds.

There is no debt service reserve requirement for the Series 2022, however, there are 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. The District was in compliance with the requirements at September 30, 2023.

**Long-term debt activity**

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

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Bonds payable: | | | | | |
| Series 2021 | $ 3,330,000 | $ - | $ 240,000 | $ 3,090,000 | $ 210,000 |
| Series 2022 | 3,245,000 | - | 258,000 | 2,987,000 | 166,000 |
| Total | $ 6,575,000 | $ - | $ 498,000 | $ 6,077,000 | $ 376,000 |
| | | | | | |
| Business-type Activities | | | | | |
| Promissory note | $ 383,028 | $ - | $ 127,676 | $ 255,352 | $ 127,676 |
| Note payable - financed equipment | 136,795 | - | 33,076 | 103,719 | 40,266 |
| Total | $ 519,823 | $ - | $ 160,752 | $ 359,071 | $ 167,942 |

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

**Long-term debt activity (Continued)**

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

| Year ending | Governmental Activities | | |
|---|---|---|---|
| September 30: | Principal | Interest | Total |
| 2024 | $ 376,000 | $ 148,809 | $ 524,809 |
| 2025 | 385,000 | 142,496 | 527,496 |
| 2026 | 388,000 | 135,336 | 523,336 |
| 2027 | 397,000 | 127,538 | 524,538 |
| 2028 | 407,000 | 119,056 | 526,056 |
| 2029-2033 | 2,188,000 | 445,930 | 2,633,930 |
| 2034-2037 | 1,936,000 | 147,847 | 2,083,847 |
| Total | $ 6,077,000 | $ 1,267,012 | $ 7,344,012 |

| | Business-type Activities | | |
|---|---|---|---|
| September 30: | Principal | Interest | Total |
| 2024 | $ 127,676 | $ 7,661 | $ 135,337 |
| 2025 | 127,676 | 3,841 | 131,517 |
| Total | $ 255,352 | $ 11,502 | $ 266,854 |

**Financed Equipment**

During a prior fiscal year, the District entered into two financed equipment purchases to acquire equipment to be used in the operation of the golf course. The agreements require a total of $4,853 monthly payment for 48 months each. The future minimum payments under the agreements are as follows:

| Year ending | | | |
|---|---|---|---|
| September 30: | Principal | Interest | Total |
| 2024 | $ 40,266 | $ 17,969 | $ 58,235 |
| 2025 | 49,399 | 8,836 | 58,235 |
| 2026 | 14,054 | 590 | 14,644 |
| Total | $ 103,719 | $ 27,395 | $ 131,114 |

**NOTE 8 - GOLF COURSE ACQUISITION**

In December 2019, the District purchased and acquired a golf club, consisting of two golf courses. Subsequent to the purchase, the District conveyed a portion of the underlying property known as the East Golf Course (hereinafter defined) to the Lake Ashton Community Development District for ownership (“Lake Ashton CDD”). Under the purchase agreement, the Golf Course purchase price was $477,000, subject to adjustments and credits at closing. Concurrently, the District entered into an interlocal agreement with Lake Ashton CDD whereby Lake Ashton CDD agreed to pay the District a total of $230,000 to acquire the land underlying the golf course located withing its boundaries (the “East Golf Course”). Also, in accordance with the interlocal agreement, Lake Ashton CDD leased back the East Golf Course located within its boundaries to the District to operate. The amount received from Lake Ashton CDD was used to reduce the amount allocated for the acquisition of the two golf courses by the District. The District will solely bear the costs of operation and maintenance of the golf course, except for the Golf Course’s pathways, bridges, and ponds located within the East Golf Course that are to be funded by Lake Ashton CDD.

**NOTE 8 - GOLF COURSE ACQUISITION (Continued)**

In addition, the District would assume certain equipment leases and enter into a promissory note agreement with the seller. The promissory note bears an original principal balance of $638,379, bearing interest at 3%, and payable in five annual installments over the period of January 5, 2021 through January 5, 2025. The note was to partially finance the acquisition for $210,000 and balance was for funds provided by the Developer to pay off the assessment balances on the land used for the golf course. Furthermore, the District assume all golf memberships at the time of closing for up to one year. The District also agreed to provide one-year memberships for new homes constructed within the District and Lake Ashton until all residences are built out and sold to residential end users, and for homes listed for resale within 180 days prior to closing. In return for the membership considerations, the seller agreed to provide a $240,000 contribution credit towards the acquisition of the golf course. Of this amount, approximately $178,667 has been recognized as revenue in the current fiscal year. The subsidized membership program ended in the current year. Furthermore, the District entered a deficit funding agreement with the seller, whereby the seller agreed to advance funding on an as-needed basis to cover deficits in the payment of operating costs of the golf course for up to a period of five years after the closing date. Under the deficit funding agreement, the maximum outstanding amount is $300,000, and the District agrees to repay outstanding sums by August 30th of each year. In the event of default, the default interest rate is the lesser of the maximum permitted by law or 6%. In the current fiscal year, no advance was received from the seller.

**NOTE 9 – INTERLOCAL AGREEMENTS**

In a prior year, the District and Lake Ashton Community Development District (the "Parties") entered into an interlocal agreement whereby the Parties agreed to grant non-exclusive right to their residents of the Amenities located within each Party's boundaries. Furthermore, the Parties agreed to jointly construct certain roadway connections and that the actual costs associated with the maintenance and operation of the roadways that have been incurred and paid will be prorated between the Parties based on the number of platted lots that have been approved as of September 15 of each fiscal year. This occurred in a prior fiscal year as Lake Ashton CDD performed certain roadways repairs costing a total of $292,300 and billed the District $79,929 for its portion of the cost. This amount has been paid in full. During a prior fiscal year, the Interlocal Agreement with Lake Ashton CDD was amended to automatically make all current and future roadways and appurtenances owned by and located within each District subject to the Interlocal Agreement as of the date of acquisition or control by the respective District without need for further amendment. Also, the Districts agreed to each reimburse the other for prior roadway costs paid under the Interlocal Agreement to the other District. Accordingly, the District was reimbursed $190,219 during a prior fiscal year.

During the prior fiscal year, the Board authorized amendment of the District boundaries to move certain parcels related to the golf course from Lake Ashton to the District. During the current fiscal year, the District received the needed approvals from the City of Lake Wales and Polk County in order to amend the District's boundary.

**NOTE 10 – MANAGEMENT COMPANIES**

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

The District has also contracted with a management company to manage the operations of the golf course. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs. The management company also provides personnel and payroll to the District under a separate agreement.

**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 – CONTINGENCIES

During the prior fiscal year, a personal injury claim was filed against the District by an individual. The individual alleges falling downstairs after colliding with another patron in the District's golf clubhouse restaurant. The claim was turned over to the District's insurance carrier, the operator of the golf club restaurant ("Golf Club Operator"), and the Golf Club Operator's insurance carrier. The Golf Club Operator's insurance carrier has agreed to indemnify and defend the District in connection with the claim. At this time, the District's Attorney cannot express a judgment as to the likelihood of an unfavorable outcome nor can he estimate the amount of potential loss.

## NOTE 13 – SUBSEQUENT EVENTS

**Bond Payments**

Subsequent to fiscal year end, the District prepaid a total of $34,000 and $49,000 of the Series 2021 and Series 2022 Bonds, respectively. The prepayments were considered extraordinary mandatory redemptions as outlined in the Bond Indenture.

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

| | Budgeted Amounts Original & Final | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Assessments | $ 1,639,641 | $ 1,653,373 | $ 13,732 |
| Interest | 750 | 14,028 | 13,278 |
| Rental Fees | 1,000 | 750 | (250) |
| Miscellaneous | - | 90,358 | 90,358 |
| Total revenues | 1,641,391 | 1,758,509 | 117,118 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 116,304 | 224,120 | (107,816) |
| Maintenance and operations | 1,489,119 | 1,386,167 | 102,952 |
| Total expenditures | 1,605,423 | 1,610,287 | (4,864) |
| Excess (deficiency) of revenues over (under) expenditures | 35,968 | 148,222 | 112,254 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | (340,362) | (139,167) | 201,195 |
| Carry forward | 277,472 | - | (277,472) |
| Total other financing sources | (62,890) | (139,167) | (76,277) |
| Net change in fund balances | $ (26,922) | 9,055 | $ 35,977 |
| Fund balance - beginning | | 614,837 | |
| Fund balance - ending | | $ 623,892 | |

See notes to required supplementary information

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**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. Actual general fund expenditures for the fiscal year ended September 30, 2023 exceeded appropriations by $4,864. The over expenditures were funded by available fund balance.

**LAKE ASHTON II COMMUNITY DEVELOPMENT DISTRICT**
**POLK COUNTY, FLORIDA**
**OTHER INFORMATION – DATA ELEMENTS**
**REQUIRED BY FL STATUTE 218.39(3)(C)**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**
**UNAUDITED**

| Element | Comments |
|---|---|
| Number of District employees compensated in the last pay period of the District's fiscal year being reported. | 38 |
| Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported. | 89 |
| Employee compensation | $1,090,314.01 |
| Independent contractor compensation | $4,786,272.42 |
| Construction projects to begin on or after October 1; ($65K) | None |
| Budget variance report | See the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund |
| Ad Valorem taxes; | Not applicable |
| | |
| Non ad valorem special assessments; | |
| Special assessment rate | Operations and maintenance - $2,608<br>Debt service - $984.44 - $1,067.55 |
| Special assessments collected | $2,263,232.00 |
| Outstanding Bonds: | see Note 7 for details |

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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
Lake Ashton II Community Development District
Polk County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Lake Ashton II Community Development District, Polk County, Florida ("District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated September 24, 2024.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### 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*.

**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.

Brown & Associates

September 24, 2024

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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
Lake Ashton II Community Development District
Polk County, Florida

We have examined Lake Ashton II Community Development District, Polk County, 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, 2023. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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, 2023.

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 Lake Ashton II Community Development District, Polk County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

September 24, 2024

Grau & Associates
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## MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

To the Board of Supervisors
Lake Ashton II Community Development District
Polk County, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of Lake Ashton II Community Development District, Polk County, Florida ("District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated September 24, 2024.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in G*overnment Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida 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 September 24, 2024, 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 for 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 Lake Ashton II Community Development District, Polk County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Lake Ashton II Community Development District, Polk County, 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

September 24, 2024

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

**2022-01 Budget:**

Current Status: Matter was resolved.

### 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, 2022, except as noted above.

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, 2023.

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, 2023.

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 30.