

Sarasota National Community Development District

Basic Financial Statements
For the Year Ended September 30, 2021



Sarasota National Community Development District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Sarasota National Community Development District
Sarasota County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sarasota National Community Development District (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2021, and the respective changes in its financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 3, 2022

Our discussion and analysis of Sarasota National Community Development District's (the "District") financial performance provides an overview of the District's financial activities for the year ended September 30, 2021 and 2020. Please read it in conjunction with the District's basic financial statements, which immediately follow this discussion.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2021:

- The District's total assets exceeded its liabilities at September 30, 2021 by \$ 21,840,809 (net position).
- The District's total revenues were \$ 2,209,737, \$ 2,209,639 from charges for services, and \$ 98 from interest. The District's expenses for this year were \$ 2,045,009. This resulted in a \$ 164,728 increase in net position.
- At the close of the current fiscal year, the District's governmental funds reported combined fund balances of \$ 956,814, a decrease of \$ 502,249 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

Government-Wide Financial Statements: The government-wide financial statements, which consist of the following two 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, liabilities, and deferred outflows/inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements can be found on pages 7 and 8 of this report.

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 has only one fund type: 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 balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

**Sarasota National Community Development District
Management's Discussion and Analysis
September 30, 2021**

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 statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 9 through 13 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 14 through 21 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net position as of September 30, 2021 and 2020:

Sarasota National Community Development District Statements of Net Position		
	2021	2020
Assets:		
Current and other assets	\$ 1,001,124	\$ 1,486,805
Accounts receivable	-	4,590
Prepays	705	11,042
Due from developer	-	32,625
Capital assets, net	40,473,463	40,871,245
Total assets	41,475,292	42,406,307
Liabilities:		
Other liabilities	1,090,598	1,128,100
Long-term liabilities	18,543,885	19,602,126
Total liabilities	19,634,483	20,730,226
Net Position:		
Net investment in capital assets	23,128,126	22,662,729
Restricted	331,577	916,046
Unrestricted (deficit)	(1,618,894)	(1,902,694)
Total net position	\$ 21,840,809	\$ 21,676,081

**Sarasota National Community Development District
Management's Discussion and Analysis
September 30, 2021**

Governmental Activities: Governmental activities for the year ended September 30, 2021 increased the District's net position by \$ 164,728 as reflected in the table below:

Sarasota National Community Development District Statements of Activities		
	2021	2020
Revenues:		
Program revenue:		
Charges for services	\$ 2,209,639	\$ 2,915,833
General revenue:		
Interest income	98	4,066
Total revenues	2,209,737	2,919,899
Expenses:		
Interest expense	1,247,728	1,102,439
Physical environment	683,876	692,207
General government	113,405	110,797
Total expenses	2,045,009	1,905,443
Change in net position	164,728	1,014,456
Net Position, Beginning of Year	21,676,081	20,661,625
Net Position, End of Year	\$ 21,840,809	\$ 21,676,081

Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year. The General and Debt Service Funds comprise the total governmental funds. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of approximately \$ 957,000.

Capital Assets and Debt Administration

The District's capital assets for its governmental activities as of September 30, 2021 amounts to \$ 40,473,463, net of accumulated depreciation, and consists of land and land improvements, infrastructure, improvements, and equipment.

At the end of the year, the District had total bonded debt outstanding of \$ 19,303,885. The District's debt represents bonds secured solely by a specified revenue source (i.e., revenue bonds).

Additional information on the District's long-term debt can be found in Note 6 on pages 19 through 21.

General Fund Budgetary Highlights

There were no amendments to the fiscal year 2021 budget. Revenues were over budget while expenditures were under budget for the year resulting in a favorable \$ 146,379 actual to budget variance.

Economic Factors and Next Year's Budget

The fiscal year 2022 adopted budget for the General Fund consists of approximately \$ 487,900 in both revenues and expenditures respectively.

Requests for Information

This financial report is designed to provide a general overview of Sarasota National Community Development 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 Sarasota National Community Development District, 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431.

BASIC FINANCIAL STATEMENTS

**Sarasota National Community Development District
Statement of Net Position
September 30, 2021**

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 1,001,124
Prepays	705
Capital assets:	
Non-depreciable	34,634,698
Depreciable, net	<u>5,838,765</u>
Total assets	<u>41,475,292</u>
Liabilities:	
Accounts payable	45,015
Accrued interest payable	285,583
Bonds payable, due in less than one year	760,000
Bonds payable, due in more than one year	<u>18,543,885</u>
Total liabilities	<u>19,634,483</u>
Net Position:	
Net investment in capital assets	23,128,126
Restricted for debt service	331,577
Unrestricted (deficit)	<u>(1,618,894)</u>
Total net position	<u>\$ 21,840,809</u>

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

Sarasota National Community Development District
Statement of Activities
For the Year Ended September 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
				<u>Net Revenues (Expenses) and Change in Net Position</u>	
Functions/Programs:					
Governmental activities:					
Interest expense and other fiscal charges	\$ 1,247,728	\$ 1,719,327	\$ -	\$ -	\$ 471,599
Physical environment	683,876	372,480	-	-	(311,396)
General government	<u>113,405</u>	<u>117,832</u>	<u>-</u>	<u>-</u>	<u>4,427</u>
Total governmental activities	<u>\$ 2,045,009</u>	<u>\$ 2,209,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>164,630</u>
General revenues:					
Interest income					<u>98</u>
Change in net position					164,728
Net position, October 1, 2020					<u>21,676,081</u>
Net position, September 30, 2021					<u>\$ 21,840,809</u>

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

**Sarasota National Community Development District
Balance Sheet - Governmental Funds
September 30, 2021**

	<u>General Fund</u>	<u>Debt Service Fund 2007</u>	<u>Debt Service Fund 2020</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 291,572	\$ -	\$ 709,552	\$ 1,001,124
Prepays	705	-	-	705
Due from other fund	-	-	7,608	7,608
	<u>-</u>	<u>-</u>	<u>7,608</u>	<u>7,608</u>
Total assets	<u>\$ 292,277</u>	<u>\$ -</u>	<u>\$ 717,160</u>	<u>\$ 1,009,437</u>
Liabilities:				
Accounts payable	\$ 45,015	\$ -	\$ -	\$ 45,015
Due to other fund	7,608	-	-	7,608
	<u>7,608</u>	<u>-</u>	<u>-</u>	<u>7,608</u>
Total liabilities	<u>52,623</u>	<u>-</u>	<u>-</u>	<u>52,623</u>
Fund Balances:				
Nonspendable:				
Prepays	705	-	-	705
Restricted for debt service	-	-	717,160	717,160
Unassigned	238,949	-	-	238,949
	<u>238,949</u>	<u>-</u>	<u>-</u>	<u>238,949</u>
Total fund balances	<u>239,654</u>	<u>-</u>	<u>717,160</u>	<u>956,814</u>
Total liabilities and fund balances	<u>\$ 292,277</u>	<u>\$ -</u>	<u>\$ 717,160</u>	<u>\$ 1,009,437</u>

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

**Sarasota National Community Development District
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 September 30, 2021**

Total Fund Balances of Governmental Funds in the Balance Sheet, Page 9	\$ 956,814
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:</p>	
The costs of capital assets is	47,158,181
Less accumulated depreciation	(6,684,718)
<p>Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:</p>	
Governmental revenue bonds payable	(19,303,885)
Accrued interest payable	<u>(285,583)</u>
Net Position of Governmental Activities, Page 7	\$ <u><u>21,840,809</u></u>

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

**Sarasota National Community Development District
Statement of Revenues, Expenditures and
Change in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021**

	<u>General Fund</u>	<u>Debt Service Fund 2007</u>	<u>Debt Service Fund 2020</u>	<u>Total Governmental Funds</u>
Revenues:				
Non-ad valorem assessments	\$ 522,937	\$ -	\$ 1,719,327	\$ 2,242,264
Interest income	56	7	35	98
Total revenues	<u>522,993</u>	<u>7</u>	<u>1,719,362</u>	<u>2,242,362</u>
Expenditures:				
Current:				
General government	90,525	-	22,880	113,405
Physical environment	286,094	-	-	286,094
Debt service:				
Principal expense	-	-	715,000	715,000
Interest expense	-	-	375,023	375,023
Bond issuance costs	-	-	460,114	460,114
Total expenditures	<u>376,619</u>	<u>-</u>	<u>1,573,017</u>	<u>1,949,636</u>
Excess (deficiency) of revenues over (under) expenditures	146,374	7	146,345	292,726
Other Financing Sources (Uses):				
Payment to bond escrow agent	-	-	(20,849,065)	(20,849,065)
Issuance of bonds	-	-	19,350,000	19,350,000
Bond premium	-	-	704,090	704,090
Transfer in	4	-	1,365,790	1,365,794
Transfer out	-	(1,365,794)	-	(1,365,794)
Total other financing sources (uses)	<u>4</u>	<u>(1,365,794)</u>	<u>570,815</u>	<u>(794,975)</u>
Net change in fund balances	146,378	(1,365,787)	717,160	(502,249)
Fund Balances, October 1, 2020	<u>93,276</u>	<u>1,365,787</u>	<u>-</u>	<u>1,459,063</u>
Fund Balances, September 30, 2021	<u>\$ 239,654</u>	<u>\$ -</u>	<u>\$ 717,160</u>	<u>\$ 956,814</u>

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

**Sarasota National Community Development District
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021**

Net Change in Fund Balances - Total Governmental Funds, Page 11	\$ (502,249)
Amounts reported for governmental activities in the statement of activities are different because:	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	715,000
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Current year provision for depreciation	(397,782)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayment.	
Bond proceeds	(19,350,000)
Payment to escrow agent for refunded bonds	20,340,000
Premium on bonds issued	(704,090)
Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Provision for bond discount	(102,874)
Provision for bond premium	35,205
Change in accrued interest payable	164,143
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Earned but unavailable special assessment revenues	<u>(32,625)</u>
Change in Net Position of Governmental Activities, Page 8	<u>\$ 164,728</u>

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

**Sarasota National Community Development District
Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual - General Fund
For the Year Ended September 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Non-ad valorem assessments	\$ 487,046	\$ 522,937	\$ 35,891
Interest income	-	56	56
	<u>487,046</u>	<u>522,993</u>	<u>35,947</u>
Total revenues			
Expenditures:			
Current:			
General government	117,047	90,525	26,522
Physical environment	370,000	286,094	83,906
	<u>487,047</u>	<u>376,619</u>	<u>110,428</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>146,374</u>	<u>146,375</u>
Other Financing Sources (Uses):			
Transfer in	-	4	4
	<u>(1)</u>	<u>146,378</u>	<u>146,379</u>
Net change in fund balance			
Fund Balance, October 1, 2020	<u>93,276</u>	<u>93,276</u>	<u>-</u>
Fund Balance, September 30, 2021	<u>\$ 93,275</u>	<u>\$ 239,654</u>	<u>\$ 146,379</u>

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

Note 1 - Organization and Operations

Sarasota National Community Development District (the "District") was created on November 1, 2006 under the provisions of Chapter 190 of the Florida Statutes by the Florida Land and Water Adjudicatory Commission. The District was created for the purpose of financing and managing the acquisition, construction, maintenance, and operation of the major infrastructure within the District for community development. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or reconstruction, enlarging or extending, equipping, operating and maintaining water management, water supply, sewer and wastewater management, bridges or culverts, roads, landscaping, street lights, and other basic infrastructure projects within or without the boundaries of the District.

The District is governed by the Board of Supervisors ("Board"), which is composed of five elected members.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The District's more significant accounting policies are described below:

The financial reporting entity: The governmental reporting entity consists of the District and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the District are such that exclusion would cause the District's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the District's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the District. Based upon these criteria, there were no component units.

Basis of presentation:

Financial Statements - Government-Wide Statements: The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, when and if applicable. The effect of interfund activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues, other revenue, etc. The statement of activities reduces gross expenses by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflect capital-specific grants. For the year ended September 30, 2021, the District had \$ 2,209,639 in program revenues.

This government-wide focus is more on the ability to sustain the District as an entity and the change in the District's net position resulting from the current year's activities.

Note 2 - Summary of Significant Accounting Policies (continued)

Financial Statements - Fund Financial Statements: The accounts of the District are organized on the basis of funds. The operations of the funds are accounted for with separate self-balancing accounts that comprise their assets, liabilities, fund equity, revenues, and expenditures.

The District reports the following major governmental funds:

General Fund - This fund is used to account for all operating activities of the District. At this time, revenues are derived principally from assessments and investment income.

Debt Service Fund 2007 - This fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest, and other financing costs applicable to the to the Series 2007 Special Assessment Bond.

Debt Service Fund 2020 - This fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest, and other financing costs applicable to the to the Series 2020 Special Assessment Refunding Bond.

Measurement focus, basis of accounting and presentation: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current year.

Budget: A budget is adopted for the General Fund and Debt Service Fund on an annual basis. Appropriations lapse at fiscal year-end. Changes or amendments to the total budgeted expenditures of the District must be approved by the District Board of Supervisors.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally adopted by the District Board.
- d. The budgets are adopted on a basis consistent with generally accepted accounting principles.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments are stated at their fair value, which is based on quoted market prices. Unrealized gains and losses in fair value are recognized. Certain money market investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

Capital assets: Capital assets, which include land and land improvements, infrastructure and improvements and equipment, are reported in the governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$ 750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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. The District does not have any items that qualify for reporting in this category.

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 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. The District does not have any items that qualify for reporting in this category.

Equity classifications:

Government-wide statements: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2 - Summary of Significant Accounting Policies (continued)

Fund statements: GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District classifies prepaid items and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

Unassigned: This classification includes the residual fund balance for the General Fund.

The District would typically use restricted fund balances first, followed by committed fund balances, assigned fund balances and, finally, unassigned fund balances.

Date of management review: Subsequent events have been evaluated through June 3, 2022, which is the date the financial statements were available to be issued.

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 -Deposits and Investments

Deposits: The District’s deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. These deposits are insured by the FDIC up to \$ 250,000 per depositor per insured bank. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the District’s deposits was \$ 291,572 and the bank balance was \$ 295,535.

Investments: The investment of funds is authorized by Florida Statutes, which allows the District to invest in the Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, SEC registered money market funds with the highest credit quality rating, interest-bearing time deposits, or savings accounts in qualified public depositories and direct obligations of the U.S. Treasury. Investments of the Debt Service Fund are governed by the Bond Indenture.

Investments as of September 30, 2021 were \$709,552 and were in money market funds.

These deposits and investments are reflected in the accompanying statement of net position and balance sheet - governmental funds in cash and cash equivalents.

Credit risk: Florida Statutes require the money market funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The money market funds held by the District are rated AAAM by Standard and Poor’s.

Interest rate risk: Florida Statutes state that the investment portfolio be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. As of September 30, 2021, the money market mutual funds are daily liquidity investments.

Concentration of credit risk: GASB 40 requires disclosure when investments are more than 5% in any one issuer. All investments held by the District are exempt from this requirement.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2021, the District had no investments that are subject to custodial credit risk.

Note 4 - Transfers

Transfers at September 30, 2021 consisted of the following:

	General Fund	Transfers In Series 2020 Debt Service Fund	Total
Transfers Out:			
Series 2007 Debt Service Fund	\$ 4	\$ 1,365,790	\$ 1,365,794

These transfers were used to close the Series 2007 fund due to the Series 2007 refunding.

Sarasota National Community Development District
Notes to Basic Financial Statements
September 30, 2021

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance at October 1, 2020	Additions	Deletions	Balance at September 30, 2021
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 34,634,698	\$ -	\$ -	\$ 34,634,698
Total capital assets, not being depreciated	<u>34,634,698</u>	<u>-</u>	<u>-</u>	<u>34,634,698</u>
Capital assets, being depreciated:				
Infrastructure	10,262,390	-	-	10,262,390
Improvements	2,247,263	-	-	2,247,263
Equipment	13,830	-	-	13,830
Total capital assets, being depreciated	<u>12,523,483</u>	<u>-</u>	<u>-</u>	<u>12,523,483</u>
Total capital assets	<u>47,158,181</u>	<u>-</u>	<u>-</u>	<u>47,158,181</u>
Less accumulated depreciation for:				
Infrastructure	4,438,015	357,849	-	4,795,864
Improvements	1,835,091	39,933	-	1,875,024
Equipment	13,830	-	-	13,830
Total accumulated depreciation	<u>6,286,936</u>	<u>397,782</u>	<u>-</u>	<u>6,684,718</u>
Total capital assets, being depreciated, net	<u>6,236,547</u>	<u>(397,782)</u>	<u>-</u>	<u>5,838,765</u>
Governmental capital assets, net	<u>\$ 40,871,245</u>	<u>\$ (397,782)</u>	<u>\$ -</u>	<u>\$ 40,473,463</u>

Provision for depreciation was charged to functions as follows:

Governmental Activities:	
Physical environment	\$ <u>397,782</u>

Note 6 - Long-Term Debt

a. Summary of Long-Term Debt of Governmental Activities

Long-term debt of the governmental activities at September 30, 2021 is comprised of the following bond issue:

\$ 19,350,000 Special Assessment Refunding Bonds, Series 2020; due in annual installments commencing May 2021 through May 2039; interest payable semi-annually at rates that range from 3.00% to 4.00% (net of unamortized bond premium of \$ 668,885).	\$ <u>19,303,885</u>
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Sarasota National Community Development District
Notes to Basic Financial Statements
September 30, 2021

Note 6 - Long-Term Debt (continued)

The following is a summary of changes in governmental activities long-term debt for the year ended September 30, 2021:

	Balance October 1, 2020	Additions	Deletions	Amortization	Balance September 30, 2021	Due Within One Year
Direct borrowings and private placements:						
Special Assessment Bonds, Series 2007	\$ 20,340,000	\$ -	\$ 20,340,000	\$ -	\$ -	\$ -
Bond discount	(102,874)	-	-	102,874	-	-
Special Assessment Refunding Bond, Series 2020	-	19,350,000	715,000	-	18,635,000	760,000
Bond premium	-	704,090	-	35,205	668,885	-
	<u>\$ 20,237,126</u>	<u>\$ 20,054,090</u>	<u>\$ 21,055,000</u>	<u>\$ 138,079</u>	<u>\$ 19,303,885</u>	<u>\$ 760,000</u>

b. Summary of Significant Debt Terms of Governmental Activities

\$ 19,350,000 Special Assessment Refunding Bonds, Series 2020 - In October 2020, the District issued \$ 19,350,000 Special Assessment Refunding Bonds, Series 2020 for the purpose of refunding the Series 2007 Bonds. The retirement of the Series 2007 Bonds will reduce the District's debt service payments over the next nineteen years by \$ 5,567,812 with an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$ 3,018,018. The Series 2020 Bonds bear interest at a rate that ranges from 3.00% to 4.00% and mature in May 2039. Interest is paid semiannually on the first day of May and November.

The District is required by the Bond Indenture to levy and collect special assessments pursuant to Florida Statutes, Section 190.022. The collection of these assessments are restricted and applied to the debt service requirements of the Bond issue. Further, the District covenants to levy special assessments in annual amounts adequate to provide for payment of principal and interest on the Bonds as it becomes due.

The Bonds are subject to mandatory redemption at par on a schedule of annual redemptions through November 2039, the maturity date. The District is required to redeem the Bonds at par prior to schedule from the proceeds of any assessments prepaid in full or if certain events occur as outlined in the Bond Indenture. The Bonds are subject to redemption at the option of the District at par on or after May 1, 2030.

The Bond Indenture requires a reserve fund equal to \$ 100,000. As of September 30, 2021, the reserve fund account balance was sufficient to satisfy this requirement.

Sarasota National Community Development District
Notes to Basic Financial Statements
September 30, 2021

Note 6 - Long-Term Debt (continued)

The annual debt service requirements for the Series 2007 Special Assessment Bonds consist of:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 760,000	\$ 685,400	\$ 1,445,400
2023	785,000	662,600	1,447,600
2024	805,000	639,050	1,444,050
2025	830,000	614,900	1,444,900
2026	860,000	590,000	1,450,000
2027-2031	4,780,000	2,476,450	7,256,450
2032-2036	5,760,000	1,520,800	7,280,800
2037-2039	4,055,000	328,600	4,383,600
	<u>\$ 18,635,000</u>	<u>\$ 7,517,800</u>	<u>\$ 26,152,800</u>

Note 7 - 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. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the previous three years.

Note 8 - Risks and Uncertainties

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak as a pandemic. Management and the Board of Commissioners continue to evaluate and monitor the potential adverse effect that this event may have on the District's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

OTHER REPORTS OF INDEPENDENT AUDITORS



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
Sarasota National Community Development District
Sarasota 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 and each major fund of Sarasota National Community Development District (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated June 3, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 3, 2022

INDEPENDENT AUDITOR'S REPORT TO DISTRICT MANAGEMENT

To the Board of Supervisors
Sarasota National Community Development District
Sarasota County, Florida

Report on the Financial Statements

We have audited the financial statements of Sarasota National Community Development District, Florida, (the "District"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 3, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 3, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District was established on November 1, 2006 by the Florida Land and Water Adjudicatory Commission, pursuant to the provisions of Chapter 190, of the laws of the State of Florida. The District does not have any component units.

Financial Condition and Management

Sections 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 the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Sections 10.554(1)(i)6 and 10.554(1)(i)7, Rules of the Auditor General, the District reported the specific information in Exhibit 1 accompanying this report. The information for compliance with Section 218.39(3)(c), Florida Statutes and Sections 10.554(1)(i)6 and 10.554(1)(i)7, Rules of the Auditor General, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 3, 2022

Sarasota National Community Development District of the City of Sarasota, Florida
Exhibit 1
Data Elements Required By Section 218.39(3)(c), Florida Statutes and
Sections 10.554(1)(i)6 and 10.554(1)(i)7, Rules of the Auditor General
(Unaudited)

Data Element	Comments
Number of district employees compensated at 9/30/2021	0
Number of independent contractors compensated in September 2021	1
Employee compensation for FYE 9/30/2021 (paid/accrued)	\$0
Independent contractor compensation for FYE 9/30/2021 (paid/accrued)	\$8,707
Each construction project to begin on or after October 1; (>\$65K)	0
Budget variance report	Page 13
Ad valorem taxes:	
Millage rate FYE 9/30/2021	Not applicable
Ad valorem taxes collected FYE 9/30/2021	Not applicable
Outstanding Bonds	Not applicable
Non ad valorem special assessments:	
Special assessment rate FYE 9/30/2021	Operations and maintenance - \$299.19 - \$321.71 Debt service - \$650.00 - \$1,820.68
Special assessments collected FYE 9/30/2021	\$2,242,264
Outstanding Bonds:	
Series 2020, due May 1, 2039	\$19,303,885 - see Note 6

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

To the Board of Supervisors
Sarasota National Community Development District
Sarasota County, Florida

We have examined Sarasota National Community Development District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 3, 2022

CPA's + Trusted Advisors