

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY  
LAKWOOD RANCH, FLORIDA**

**SEPTEMBER 30, 2016**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY  
LAKWOOD RANCH, FLORIDA**

**SEPTEMBER 30, 2016**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Lakewood Ranch Inter-District Authority  
Lakewood Ranch, Florida

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

We have audited the accompanying financial statements of the governmental activities and the general fund of the Lakewood Ranch Inter-District Authority (the Authority), as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority'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.

### **Auditors' 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.

### **Certified Public Accountants**

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors  
Lakewood Ranch Inter-District Authority  
Lakewood Ranch, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**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 the general fund of the Authority, as of September 30, 2016, and the respective changes in financial position 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 (MD&A) and the other Required Supplementary Information as listed in the table of contents (collectively, the required supplementary information), 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 January 31, 2017, on our consideration of the Authority'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 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 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 Authority's internal control over financial reporting and compliance.

*Purvis, Gray and Company, LLP*

January 31, 2017  
Sarasota, Florida

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Lakewood Ranch Inter-District Authority (the Authority), our discussion, and analysis of the Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the Authority's Independent Auditors' Report, basic financial statements, accompanying notes, and required supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year resulting in a net position of \$784,027.
- The Authority's net position increased by \$185,652 for the year.
- At September 30, 2016, the Authority's general fund reported an ending fund balance of \$590,265, an increase of \$111,582 for the year.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the Authority's financial statements. The Authority'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 required 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 Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the Authority's assets (plus deferred outflows) and liabilities (plus deferred inflows), with the difference 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 Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net position changed during the year. All changes in net position are reported in a manner similar to the approach used by a private sector business in that revenues are recognized when earned and expenses are reported when incurred.

The government-wide financial statements include all governmental activities that are principally supported by contributions from other governments. The Authority does not have any business-type activities. The governmental activities of the Authority include the following functions: general government (community association services and other administration), maintenance and operations, and special projects.

#### 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 Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has only governmental funds. There are no business-type or fiduciary funds.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
*(Continued)*

**OVERVIEW OF FINANCIAL STATEMENTS (Concluded)**

**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 the Authority’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 Authority’s *near-term* financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains one governmental fund for external reporting. Information for that fund is presented in the general fund balance sheet and the general fund statement of revenues, expenditures, and changes in fund balances. The general fund is considered a major fund.

The Authority adopts an annual budget for the general fund. In the required supplementary information section, a budgetary comparison schedule has been provided for the general fund.

**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 Authority, assets exceeded liabilities at the close of the most recent fiscal year.

Key components of the Authority’s net position as of September 30 of each year are reflected in the following table:

	<u>2016</u>	<u>2015</u>
Assets, Excluding Capital Assets	\$ 704,048	\$ 669,667
Capital Assets, Net of Depreciation	<u>272,979</u>	<u>189,061</u>
<b>Total Assets</b>	<u>977,027</u>	<u>858,728</u>
Liabilities	<u>193,000</u>	<u>260,353</u>
<b>Total Liabilities</b>	<u>193,000</u>	<u>260,353</u>
Net Position:		
Net Investment in Capital Assets	272,979	189,061
Unrestricted	<u>511,048</u>	<u>409,314</u>
<b>Total Net Position</b>	<u>\$ 784,027</u>	<u>\$ 598,375</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concluded)**

The Authority's net position reflects its investment in capital assets (e.g. land, vehicles, and equipment); 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 Authority'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 remaining balance of unrestricted net position may be used to meet the Authority's other obligations.

The Authority's net position increased during the year by \$185,652. The increase reflects the extent to which program and general revenues exceeded the costs of operations, including depreciation.

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

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 3,554,876	\$ 3,220,238
General Revenues	77,745	59,973
<b>Total Revenues</b>	<b>3,632,621</b>	<b>3,280,211</b>
<b>Expenses</b>		
General Government:		
Community Association Services	775,684	729,095
Other Administration	1,007,502	848,188
Maintenance and Operations	1,663,783	1,737,904
Interest on Long-term Debt	0	174
<b>Total Expenses</b>	<b>3,446,969</b>	<b>3,315,361</b>
<b>Change in Net Position</b>	185,652	(35,150)
<b>Net Position, Beginning of Year</b>	598,375	633,525
<b>Net Position, End of Year</b>	<b>\$ 784,027</b>	<b>\$ 598,375</b>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2016, was \$3,446,969. The costs of the Authority's activities were funded primarily by program revenues. Program revenues are comprised primarily of contributions from other governments, and management services provided to community associations. Program revenues increased \$334,638 from 2015 to 2016. Expenses increased \$131,608. These changes occurred for a variety of different reasons.

**FINANCIAL ANALYSIS OF THE GENERAL FUND**

The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal and contractual requirements. The general fund includes all activities of the Authority. There are no other funds.

The focus of the Authority's *general fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Authority's net resources available for spending at the end of the year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS** *(Concluded)*

### **FINANCIAL ANALYSIS OF THE GENERAL FUND *(Concluded)***

At the end of the current fiscal year, unassigned fund balance of the general fund was \$157,121 and total fund balance was \$590,265. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4.5% of total general fund expenditures while the total fund balance represents 16.8% of the same amount.

### **GENERAL FUND BUDGETARY COMPARISON**

An operating budget was adopted and maintained by the Authority 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. A budgetary comparison schedule is shown in the required supplementary information section of the report.

Both the original and final budget required a carry forward surplus of \$100,000 to balance. The original appropriations budget was \$3,688,420 and there were no budget amendments during the year. Actual results *added* \$111,582 to fund balance. Actual revenues were \$44,201 better than budget, and expenditures were \$167,381 under budget. The favorable revenue and expenditure variances occurred for a variety of reasons.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The Authority's investment in capital assets at September 30, 2016, totaled \$272,979 (net of accumulated depreciation). Capital assets include land, vehicles and equipment, and IT software. Current year additions were \$124,946 and depreciation was \$41,028. Current year disposals of assets and accumulated depreciation totaled \$12,675. More detailed information about the Authority's capital assets is presented in Note 5 to the financial statements.

#### **Long-term Liabilities**

As of September 30, 2016, the Authority had \$79,217 in accrued compensated absence liabilities. There was no new debt issued during the current year. More detailed information about the Authority's long-term liabilities is presented in Note 6 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The 2017 general fund budget uses carry over surplus of \$63,000 and capital improvement reserves of \$9,400 to balance, and includes a 4.2% increase in contributions from related Districts.

There are no significant changes planned for the Authority's operations in fiscal year 2017.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority'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 Lakewood Ranch Inter-District Authority at Town Hall, 8175 Lakewood Ranch Blvd., Lakewood Ranch, Florida 34202.

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**  
**LAKWOOD RANCH, FLORIDA**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 200,922
Investments	137,800
Due from Other Governments	294,667
Other Receivables	4,948
Inventories	16,893
Prepaid Items	46,792
Deposits	2,026
Capital Assets:	
Depreciable Assets, Net	146,865
Nondepreciable	126,114
<b>Total Assets</b>	<b>977,027</b>
 <b>Liabilities</b>	
Accounts Payable	29,005
Other Payable	1,152
Accrued Expenses	80,121
Due to Other Governments	1,105
Deposits	2,400
Accrued Compensated Absences	79,217
<b>Total Liabilities</b>	<b>193,000</b>
 <b>Net Position</b>	
Net Investment in Capital Assets	272,979
Unrestricted	511,048
<b>Total Net Position</b>	<b>\$ 784,027</b>

See accompanying notes.

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2016**  
**LAKWOOD RANCH, FLORIDA**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense), Revenue, and Changes in Net Position for Governmental Activities</u>
<b>Governmental Activities:</b>			
General Government:			
Community Association Services	\$ 775,684	\$ 794,733	\$ 19,049
Other Administration	1,007,502	1,010,764	3,262
Maintenance and Operations	1,663,783	1,749,379	85,596
<b>Total Governmental Activities</b>	<u>\$ 3,446,969</u>	<u>\$ 3,554,876</u>	<u>107,907</u>
<b>General Revenues</b>			
			1,182
			76,563
<b>Total General Revenues</b>			<u>77,745</u>
			185,652
			598,375
			<u>\$ 784,027</u>

See accompanying notes.

**LAKEWOOD RANCH INTER-DISTRICT AUTHORITY**  
**BALANCE SHEET - GENERAL FUND**  
**SEPTEMBER 30, 2016**  
**LAKEWOOD RANCH, FLORIDA**

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 200,922
Investments	137,800
Due from Other Governments	294,667
Other Receivables	4,948
Inventories	16,893
Prepaid Items	46,792
Deposits	2,026
<b>Total Assets</b>	<b>704,048</b>
 <b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts Payable	29,005
Other Payable	1,152
Accrued Expenses	80,121
Due to Other Governments	1,105
Deposits	2,400
<b>Total Liabilities</b>	<b>113,783</b>
 <b>Fund Balance</b>	
Nonspendable:	
Prepaid Items and Inventories	63,685
Assigned for:	
General Reserve	8,000
Capital Reserves	298,459
Subsequent Year's Expenditures	63,000
Unassigned	157,121
<b>Total Fund Balance</b>	<b>590,265</b>
 <b>Total Liabilities and Fund Balance</b>	 <b>\$ 704,048</b>

See accompanying notes.

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY  
RECONCILIATION OF THE BALANCE SHEET - GENERAL FUND  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016  
LAKWOOD RANCH, FLORIDA**

**Fund Balance - General Fund** \$ 590,265

**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 accumulated depreciation.

Capital Assets - Original Cost	\$ 474,822	
(Accumulated Depreciation)	<u>(201,843)</u>	272,979

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 Compensated Absences		<u>(79,217)</u>
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<b>Net Position of Governmental Activities</b>		<u><u>\$ 784,027</u></u>
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See accompanying notes.

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - GENERAL FUND  
SEPTEMBER 30, 2016  
LAKWOOD RANCH, FLORIDA**

	<b>General Fund</b>
<b>Revenues</b>	
Community Association Services	\$ 822,113
Contributions from Districts	2,732,763
Interest	1,182
Other Revenues	76,563
<b>Total Revenues</b>	3,632,621
<b>Expenditures</b>	
Current:	
General Government:	
Community Association Services	775,684
Other Administration	997,654
Maintenance and Operations	1,747,701
<b>(Total Expenditures)</b>	(3,521,039)
<b>Net Change in Fund Balance</b>	111,582
<b>Fund Balance, Beginning of Year</b>	478,683
<b>Fund Balance, End of Year</b>	\$ 590,265

See accompanying notes.

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GENERAL FUND TO THE  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2016  
LAKWOOD RANCH, FLORIDA**

<b>Net Change in Fund Balance - General Fund</b>	\$ 111,582
 <b>Amounts Reported for Governmental Activities in the Statement of  Activities are Different Because:</b>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets.	124,946
Depreciation on capital assets is not recognized in the governmental fund statements, but is reported as an expense in the statement of activities.	(41,028)
Changes in accrued compensated absences are not reported in the fund statements, but are included in expense in the statement of activities.	<u>(9,848)</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 185,652</u></u>

See accompanying notes.

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
LAKWOOD RANCH, FLORIDA**

**Note 1 - Nature of Organization and Reporting Entity**

Lakewood Ranch Inter-District Authority (the Authority) was created on October 10, 2002, as an interlocal government agency created pursuant to the Interlocal Agreement entered into by the various Lakewood Ranch Community Development Districts. The Authority was established for the purposes of collecting contributions from member Districts for the purpose of maintaining, operating, and eventually owning the Lakewood Ranch Town Hall. The Authority's responsibilities were expanded to include management services and other administrative functions for the Lakewood Ranch Community Development Districts and various other entities within the boundaries of Lakewood Ranch.

The Authority is governed by the Board of Directors (the Board), which is comprised of five members, each representing one of the member Districts. The Directors are appointed from the Board of Supervisors of the respective member Districts of the Authority. Each Director has one vote per equivalent dwelling unit (EDU) within the respective District he/she represents. The Board of Directors of the Authority exercise all powers granted to the Authority pursuant to Chapters 163 and 190, *Florida Statutes*.

The Board has the final responsibility for:

- Exercising Control over Facilities and Properties
- Controlling the Use of Funds Generated by the Authority
- Approving the Hiring and Firing of Key Personnel

Under applicable governmental accounting, the financial reporting entity consists of:

- a) The primary government (i.e., the Authority).
- b) Organizations for which the primary government is considered to be financially accountable.
- c) Other organizations for which the nature and significance of their relationship with the primary government are such that, if excluded, the financial statements of the primary government would be considered incomplete or misleading.

These financial statements include only the balances and transactions of the Authority. There are no component units.

**Note 2 - Summary of Significant Accounting Policies**

These financial statements are prepared in conformity with U.S. generally accepted accounting principles applicable to governmental entities, as established by the Governmental Accounting Standards Board (GASB). Following is a summary of the significant accounting policies:

**A. 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 nonfiduciary activities of the primary government.

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKWOOD RANCH, FLORIDA**  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies *(Continued)***

**A. Government-wide and Fund Financial Statements *(Concluded)***

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

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

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Contributions 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 available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Inter-District billings and other contributions are susceptible to accrual. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest are recorded in the period when payment is due. The Authority has no long-term debt.

**Fund Accounting**

The financial transactions of the Authority are recorded in individual funds. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined), for the determination of major funds. In addition, funds may be considered major for qualitative reasons.

The Authority reports the following major governmental fund:

*General Fund*—The General Fund is the general operating fund of the Authority. It is used to account for all financial resources of the Authority.

The Authority has no nonmajor funds.

**LAKEWOOD RANCH INTER-DISTRICT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKEWOOD RANCH, FLORIDA**  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies *(Continued)***

**C. Financial Statement Balances**

**Cash and Investments**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and money market funds with original maturities of three months or less from the date of acquisition. The Authority also holds assets that are defined as investments. The Authority's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance of GASB Statement No. 79, which allows under certain criteria, these investments to be recorded at amortized cost.

Cash on the balance sheet and the statement of net position includes cash on hand and demand deposits in qualified public depositories.

The Authority has adopted a written investment policy, which complies with the requirements of Section 218.415, *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 separate funds do not pool their cash or investments. Interest income is reported in the fund where the related cash or investments are reported.

**Receivables/Due from Other Governments**

All receivables are reported at their gross value, and where appropriate are reduced by the estimated portion that is expected to be uncollectible. There are no estimated uncollectible amounts at September 30, 2016.

**Prepaid Items**

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 include land, land improvements, buildings, and equipment, plus infrastructure assets (e.g. streets, sidewalks, culverts, curbs and gutters, drainage systems, lighting systems, roads and bridges), and are reported as assets in the governmental activities column of the statement of net position. In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is reported in the statement of activities, but not in the governmental fund financial statements.

**LAKEWOOD RANCH INTER-DISTRICT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKEWOOD RANCH, FLORIDA**  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**C. Financial Statement Balances (Continued)**

**Capital Assets (Concluded)**

Capital assets are defined in the Authority's policy as tangible assets with a cost of at least \$5,000 and an estimated useful life of five years or more. Capital assets are recorded at historical cost if purchased or constructed, and estimated fair value if donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major projects are reported as construction in progress until completed and placed in service.

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles and Equipment	5
IT Software	5

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.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net 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 (expenditure) until then. In addition to liabilities, the statement of net 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.

**Long-term Obligations**

In the government-wide financial statements, the principal amount outstanding on long-term debt is reported as a liability in the governmental activities column of the statement of net position. The liability is increased by unamortized premiums, and reduced by unamortized discounts. Premiums and discounts, if applicable, are amortized over the debt term using the straight-line method.

In the fund financial statements, debt proceeds are reported as other financing sources in the year of issuance, increased or decreased by original issue premiums or discounts, where applicable. Principal and interest are reported as expenditures, when due. The Authority has no long-term obligations.

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKWOOD RANCH, FLORIDA**  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**C. Financial Statement Balances (Concluded)**

**Compensated Absences**

For its employees, as part of benefits, the Authority's policy permits the accumulation of earned but unused paid time off (PTO) benefits. Time accrues based on the level and length of service. Upon termination, accrued time earned but untaken is paid out, unless terminated for cause. Accumulated unpaid personal time off is accrued when incurred in the government-wide financial statements. A liability for those amounts is reported in governmental funds only if they have matured, as a result of employee resignation or retirement.

**Net Position/Fund Balance**

In the government-wide financial statements, equity is referred to as *net position*, and is classified as: a) net investment in capital assets, b) restricted, or c) unrestricted. Restricted net position represents net assets constrained by the debt covenants or other contractual requirements.

In the fund financial statements, equity is referred to as fund balance, and is reported according to the following classifications:

- *Non-spendable*—Amounts that are a) not in spendable form, or b) legally or contractually required to be maintained intact.
- *Restricted*—Amounts that are constrained for specific purposes either a) externally by creditors, grantors, contributors, or laws or regulations of other governments, or b) by law through constitutional provisions or enabling legislation.
- *Committed*—Amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action (resolution) of the Authority's Board. These committed amounts may not be used for any other purpose unless the Board removes or changes the specified use by taking the same type of formal action (resolution) that imposed the constraint originally.
- *Assigned*—Amounts that are constrained by less-than-formal action of the Board, or by an individual or body to whom the Board has delegated this responsibility. The Board has not delegated this responsibility.
- *Unassigned*—This classification is used for: a) negative unrestricted fund balance in any fund, or b) fund balances within the general fund that are not restricted, committed, or assigned for specific purposes.

*Flow Assumption*—When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted as needed. Within the unrestricted categories when various classifications of fund balances are available for a specific expenditure, the Authority first uses committed fund balance, followed by assigned and then unassigned.

**LAKEWOOD RANCH INTER-DISTRICT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKEWOOD RANCH, FLORIDA**  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Concluded)**

**D. 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 amount reported and disclosed in the financial statements and notes. Actual results could differ from those estimates.

**Note 3 - Budgetary Information**

An annual budget is prepared and adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

The Authority has adopted a budget policy consistent with *Florida Statute* 190.008. The Authority follows these procedures in establishing and adopting the budget:

- a) Starting in January of each year, budget proposals are accepted for the upcoming year, and a series of budget workshops are held with Authority representatives, staff, and the public. The assessment amounts for the upcoming year are proposed.
- b) A budget summary is ready by June, and a formal public hearing is conducted in July to obtain comments.
- c) The Board adopts the final original budget in July for the fiscal year beginning October 1. The budget is adopted by resolution.
- d) Budget amendments, if any, are approved by the Board during the year.

Neither the statute nor the Authority's budget policy specifies the legal level of budgetary authority. There were no budget amendments in 2016.

**Note 4 - Deposits and Investments**

**Deposits**

The Authority's bank deposits are held in qualified public depositories (QPDs) pursuant to Chapter 280, *Florida Statutes*. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

**Investments**

The Authority holds assets that are defined as investments. The Authority's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79.

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKWOOD RANCH, FLORIDA**  
*(Continued)*

**Note 4 - Deposits and Investments (Concluded)**

**Investments (Concluded)**

The Authority holds investments in a qualified external investment pool that measures all of its investments at amortized cost. The following investments are recorded at amortized cost at September 30, 2016:

	<u>Amortized Cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
Local Government Surplus Funds			Weighted Average of the
Trust Fund (Florida PRIME)	\$ 137,800	AAAm	Fund Portfolio: 50 Days
<b>Total Investments</b>	<u>\$ 137,800</u>		

Florida PRIME is a local government investment pool administered by the Florida State Board of Administration (SBA) and managed by professional money managers. Florida PRIME invests exclusively in short-term, high-quality fixed income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating agencies, or securities of comparable quality. The Authority's investment in this pool is through shares owned in the fund and not the underlying investments. Florida PRIME is considered a stable value investment pool. The account balances approximate fair value, and balances are available for immediate withdrawal. The weighted average maturity of Florida PRIME at September 30, 2016, is 50 days. Florida PRIME has a Standard & Poor's rating of AAAM. The pool was not exposed to foreign currency risk during the year.

*Custodial Credit Risk*—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Authority investments are not evidenced by securities that exist in physical or book entry form. Therefore, the custodial credit risk associated with these investments is minimal.

*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 Authority places no limit on the amount the Authority may invest in any one issuer, but emphasizes diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

*Interest Rate Risk*—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority minimizes this risk by structuring the portfolio so that securities mature to meet cash flow requirements for ongoing operations, and thereby avoiding the need to sell securities on the open market prior to maturity.

**LAKEWOOD RANCH INTER-DISTRICT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKEWOOD RANCH, FLORIDA**  
*(Continued)*

**Note 5 - Capital Assets**

Capital asset activity for the fiscal year ended September 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 126,114	\$ 0	\$ 0	\$ 126,114
Total Capital Assets Not Being Depreciated	<u>126,114</u>	<u>0</u>	<u>0</u>	<u>126,114</u>
Capital Assets Being Depreciated:				
Vehicles and Equipment	223,762	48,846	(12,675)	259,933
IT Software	<u>0</u>	<u>76,100</u>	<u>0</u>	<u>76,100</u>
Total Capital Assets Being Depreciated	<u>223,762</u>	<u>124,946</u>	<u>(12,675)</u>	<u>336,033</u>
Less Accumulated Depreciation For:				
Vehicles and Equipment	(160,815)	(30,881)	12,675	(179,021)
IT Software	<u>0</u>	<u>(10,147)</u>	<u>0</u>	<u>(10,147)</u>
Total Accumulated Depreciation	<u>(160,815)</u>	<u>(41,028)</u>	<u>12,675</u>	<u>(189,168)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>62,947</u>	<u>83,918</u>	<u>0</u>	<u>146,865</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 189,061</u>	<u>\$ 83,918</u>	<u>\$ 0</u>	<u>\$ 272,979</u>

Depreciation expense totaling \$41,028 was allocated to the maintenance and operations function in the statement of activities. Deletions noted above are not taken into consideration on the entity-wide conversion.

**Note 6 - Long-term Liabilities**

**Long-term Debt Activity**

Changes in long-term liability activity for the fiscal year ended September 30, 2016, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
<b>Long-term Liabilities:</b>					
Accrued Compensated Absences	\$ 69,369	\$ 9,848	\$ 0	\$ 79,217	\$ 79,217
<b>Total</b>	<u>\$ 69,369</u>	<u>\$ 9,848</u>	<u>\$ 0</u>	<u>\$ 79,217</u>	<u>\$ 79,217</u>

**Note 7 - Related Party Transactions**

**Related Parties**

The Authority is the District Manager for five community development districts in the community of Lakewood Ranch, Florida. The Districts are Lakewood Ranch Community Development Districts 1, 2, 4, 5, and 6 (the Districts). The Districts are the public entities responsible for providing operation and maintenance of various elements of infrastructure and landscaping within Lakewood Ranch. The Authority is a separate public entity created by the Districts, which provides administrative, financial, and operations and maintenance services to the Districts, under terms of an Amended Interlocal Agreement among the parties. A representative from each District sits on the five-member Board of the Authority.

**LAKEWOOD RANCH INTER-DISTRICT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKEWOOD RANCH, FLORIDA**  
*(Continued)*

**Note 7 - Related Party Transactions (Continued)**

**Related Parties (Concluded)**

On November 15, 2012, the Districts and Authority entered into an Interlocal Agreement, which replaced prior Interlocal Agreements, identified the Authority as the District Manager for the Districts, and clarified the relationship and financial agreements among the entities, as they related to the following transactions:

**Shared Expenses**

As District Manager, the Authority provides certain administrative, financial, and operation and maintenance services to the Districts. The costs of these services are borne by the Authority, and then allocated and reimbursed by the Districts on a monthly basis. Total shared expenses for 2016 were \$2,437,102, which is included under “contributions” in the revenue section of the financial statements. The Districts’ shared expenses for September totaling \$294,667 are included in “due from other governments” at September 30, 2016.

**Town Hall and Maintenance Facility Lease**

The Lakewood Ranch Town Hall (Town Hall) was constructed and financed by District 2 in 2003; the facility and related liability (the 2003 Notes) are reported on District 2’s statement of net position. In addition, in 2013, District 2 issued \$3,250,000 of Special Revenue Improvement and Refunding Notes (the 2012 Notes) to finance the construction of a shared maintenance facility, and to retire the remaining principal balance of the 2003 Notes in the approximate outstanding amount of \$634,000.

The land on which the maintenance facility is being constructed was acquired by the Authority in 2013 for \$126,114, and is being leased to District 2 under terms of a ground lease (the Ground Lease) between the parties dated November 15, 2012. The Ground Lease is for 25 years beginning on the effective date, unless terminated earlier by agreement of the parties. There is no annual lease payment; consideration lies in the mutual promises contained in the Ground Lease.

The lease payments for both Town Hall and the maintenance facility are covered under the terms of an Amended Non-Exclusive Lease Agreement and Operating Agreement dated November 15, 2012, among the Districts and the Authority (the Lease). The original term of the Lease is thirteen years ending on November 15, 2025. The Lease will be extended automatically for additional five-year terms; however, any lessee may give notice at least one year prior to the expiration of its desire not to extend. The facilities will be conveyed to the Authority once the applicable debt service is satisfied.

Rent payments by the Districts to District 2 are equal to their allocable share of District 2’s related debt service costs, based on equivalent dwelling units (see below). Rents received by District 2 in 2016 totaled \$83,549 for Town Hall and \$160,681 for the maintenance facility.

Monthly “rent” payments are also required by each District to the Authority for their allocable share of the costs (including insurance costs) to operate and maintain the two facilities, as determined in the annual budget of the Authority [the Lakewood Ranch Town Center Owners Association, Inc. (TCOA), the successor entity to CDD 3, shares in this allocation]. Rent received by the Authority in 2016 totaled \$295,661, which is included under “contributions” in the revenue section of the financial statements.

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**LAKWOOD RANCH, FLORIDA**  
*(Concluded)*

**Note 7 - Related Party Transactions (Concluded)**

**Town Hall and Maintenance Facility Lease (Concluded)**

The 2016 EDUs for allocation purposes were as follows:

<b>District 2 Rent Payments</b>			<b>Authority Rent Payments</b>		
	<b>EDU</b>	<b>Percent</b>		<b>EDU</b>	<b>Percent</b>
District 1	1,819	27.05%	District 1	1,819	23.65%
District 2	1,813	26.96%	District 2	1,813	23.57%
District 4	1,688	25.10%	TCOA	967	12.57%
District 5	962	14.30%	District 4	1,688	21.94%
District 6	443	6.59%	District 5	962	12.51%
<b>Totals</b>	<b>6,725</b>	<b>100.00%</b>	District 6	443	5.76%
			<b>Totals</b>	<b>7,692</b>	<b>100.00%</b>

**Note 8 - Management Agreements**

The Authority has entered into agreements with various entities, including Summerfield/Riverwalk Village Association, Inc. (SRVA), Greenbrook Village Association, Inc. (GBVA), and Country Club/Edgewater Village Association, Inc. (CEVA), collectively referred to as the Community Associations, whereby the Authority has been appointed as exclusive agent of the financial, administrative, and clerical responsibilities related to the maintenance and operation of the common areas of the Associations.

The Authority has assumed and agreed to perform certain duties in its role as agent, as outlined in the respective agreements entered into between the Authority and each Association. In connection with these agreements, the Authority will collect management fees for its services. Additionally, the Authority receives management fees for its services from certain maintenance-free neighborhoods within SRVA and CEVA. Further, in order for the Authority to carry out its responsibilities as agent for the SRVA, GBVA, and CEVA, the management fees collected by each Association (paid by owners annually within the respective communities) will be forwarded to the Authority to be used to pay the costs associated with maintaining and operating each Association.

The revenue received under these management agreements during 2016 was \$794,733. Related costs were \$775,684.

**Note 9 - Risk Management**

The Authority 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 Authority has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAKWOOD RANCH INTER-DISTRICT AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>				
Community Association Services	\$ 836,770	\$ 836,770	\$ 822,113	\$ (14,657)
Contributions from Districts	2,728,850	2,728,850	2,732,763	3,913
Interest	100	100	1,182	1,082
Other Revenues	22,700	22,700	76,563	53,863
<b>Total Revenues</b>	<u>3,588,420</u>	<u>3,588,420</u>	<u>3,632,621</u>	<u>44,201</u>
<b>Expenditures</b>				
Current:				
General Government:				
Community Association Services	809,390	809,390	775,684	33,706
Other Administration	1,040,840	1,040,840	997,654	43,186
Maintenance and Operations	1,801,490	1,801,490	1,747,701	53,789
Reserves	36,700	36,700	0	36,700
<b>(Total Expenditures)</b>	<u>(3,688,420)</u>	<u>(3,688,420)</u>	<u>(3,521,039)</u>	<u>167,381</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(100,000)</u>	<u>(100,000)</u>	<u>111,582</u>	<u>211,582</u>
<b>Other Financing Sources</b>				
Carry Forward Surplus	100,000	100,000	0	(100,000)
<b>Total Other Financing Sources</b>	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>(100,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 111,582</u>	<u>\$ 111,582</u>

See accompanying notes.

## **OTHER INFORMATION**

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

Board of Directors  
Lakewood Ranch Inter-District Authority  
Lakewood Ranch, 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 general fund of the Lakewood Ranch Inter-District Authority (the Authority), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 31, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 may exist that have not been identified.

**Certified Public Accountants**

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors  
Lakewood Ranch Inter-District Authority  
Lakewood Ranch, Florida

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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 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.

*Purvis, Gray and Company, LLP*

January 31, 2017  
Sarasota, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH  
FLORIDA STATUTE SECTION 218.415 - INVESTMENTS OF PUBLIC FUNDS**

Board of Directors  
Lakewood Ranch Inter-District Authority  
Lakewood Ranch, Florida

We have examined the Lakewood Ranch Inter-District Authority's (the Authority) compliance Section 218.415, *Florida Statutes*, during the fiscal year ended September 30, 2016. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

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

*Purvis, Gray and Company, LLP*

January 31, 2017  
Sarasota, Florida

**Certified Public Accountants**

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## MANAGEMENT LETTER

Board of Directors  
Lakewood Ranch Inter-District Authority  
Lakewood Ranch, Florida

### Report on the Financial Statements

We have audited the financial statements of the Lakewood Ranch Inter-District Authority (the Authority), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated January 31, 2017.

### Auditors' 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 Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Compliance with Section 218.415, *Florida Statutes*. Disclosures in those reports, which are dated January 31, 2017, 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 significant 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. See Note 1 of the Authority's September 30, 2016 financial statements, for this information. There are no component units related to the Authority.

### Financial Condition

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

### Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors  
Lakewood Ranch Inter-District Authority  
Lakewood Ranch, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Financial Condition (Concluded)**

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority'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.

**Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

**Other Matters**

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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, the Board of Directors of the Authority, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



January 31, 2017  
Sarasota, Florida