

**Waterlefe Community
Development District**

FINANCIAL STATEMENTS

September 30, 2018



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INGRAM

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Waterlefe Community Development District
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September 30, 2018

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Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRlcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Waterlefe Community Development District
Manatee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Waterlefe Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2018, 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.

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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Waterlefe Community Development District as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof 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 and budgetary comparison information, as listed in the table of contents, 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 a report dated June 25, 2019, on our consideration of the District's internal control over financial reporting and 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.



CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 25, 2019



Management's Discussion And Analysis

Waterlefe Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Waterlefe Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- At September 30, 2018, the assets of the District exceeded its liabilities by approximately \$4.5 million within the governmental activities.
- During the fiscal year ended September 30, 2018, the District incurred interest expenditures of approximately \$211,000 and repaid principal of \$250,000 within the governmental funds.
- At September 30, 2018, the assets of the District exceeded its liabilities and deferred inflows of resources by approximately \$7.6 million within the business-type activities.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 10 – 11 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 5. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

Waterlefe Community Development District Management's Discussion and Analysis

- Governmental activities – Most of the District's basic services are reported here, including general administration, parks and recreation, security, and maintenance. Owner assessments finance most of these activities.
- Business-type activities – The District charges a fee to members and other users to help it cover the costs associated with the operations of the golf course and related facilities.

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 7. The fund financial statements begin on page 12 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. The District's two kinds of funds – governmental and proprietary – use different accounting approaches.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- *Proprietary funds* – When the District charges customers for the services it provides (golf course), these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

Waterlefe Community Development District Management's Discussion and Analysis

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year (in thousands).

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 2,047	\$ 1,981	\$ 379	\$ 394	\$ 2,425	\$ 2,375
Capital assets, net	7,615	8,017	8,205	7,754	15,820	15,771
Total assets	\$ 9,661	\$ 9,998	\$ 8,584	\$ 8,148	\$ 18,245	\$ 18,146
Liabilities						
Current liabilities	\$ 446	\$ 563	\$ 471	\$ 169	\$ 916	\$ 732
Other liabilities	4,671	4,909	311	180	4,981	5,089
Total liabilities	5,116	5,472	781	349	5,898	5,821
Deferred inflows of resources						
Deferred revenue	-	-	155	148	155	148
Total deferred inflows of resources	-	-	155	148	155	148
Net position						
Net investment in capital assets	2,876	3,031	7,547	7,494	10,424	10,525
Restricted for debt service	49	43	-	-	49	43
Unrestricted	1,619	1,452	100	157	1,719	1,609
Total net position	4,545	4,527	7,647	7,651	12,192	12,177
Total liabilities, deferred inflows of resources and net position	\$ 9,661	\$ 9,999	\$ 8,584	\$ 8,148	\$ 18,245	\$ 18,146

During the fiscal year ended September 30, 2018, the total primary government assets and liabilities increased by approximately \$99,000 and \$77,000, respectively. Deferred inflows of resources remained substantially unchanged. The increase in total assets is primarily a result of an increase in cash and cash equivalents from the excess of revenues over expenditures as reported in the governmental funds, as well as capital asset additions as reported in the proprietary-type fund. The increase in liabilities is primarily a result of an increase in lease obligations resulting from four new leases and the District's early implementation of GASB Statement No. 87, *Leases* as described in Note 2.

For more detailed information, see the accompanying Statement of Net Position.

Waterlefe Community Development District Management's Discussion and Analysis

The following schedule compares the Statement of Activities for the current and previous fiscal year (in thousands).

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Program revenues	\$ 1,752	\$ 1,628	\$ 2,427	\$ 2,242	\$ 4,179	\$ 3,870
General revenues	21	29	-	-	21	29
Total revenues	<u>1,773</u>	<u>1,657</u>	<u>2,427</u>	<u>2,242</u>	<u>4,200</u>	<u>3,899</u>
Function/program expenses	<u>1,642</u>	<u>1,810</u>	<u>2,542</u>	<u>2,335</u>	<u>4,184</u>	<u>4,145</u>
Increase (decrease) in net position	130	(153)	(115)	(93)	15	(246)
Transfers	(111)	-	111	-	-	-
Net position (deficit), beginning of year	<u>4,526</u>	<u>4,679</u>	<u>7,651</u>	<u>7,744</u>	<u>12,177</u>	<u>12,423</u>
Net position, end of year	<u>\$ 4,545</u>	<u>\$ 4,526</u>	<u>\$ 7,647</u>	<u>\$ 7,651</u>	<u>\$ 12,192</u>	<u>\$ 12,177</u>

For more detailed information, see the accompanying Statement of Activities.

Total primary government revenues and expenses increased approximately \$301,000 and \$39,000, respectively, from the prior fiscal year. Our analysis below separately considers the operations of the governmental activities and business-type activities.

Governmental Activities

Revenues increased by approximately \$116,000, while expenses decreased by approximately \$168,000, from the prior fiscal year. The increase in revenues is primarily due to an increase in assessments. The decrease in expenses is primarily due to prior year maintenance expenses to repair hurricane damage.

Business-type Activities

Revenues and expenses increased by approximately \$185,000 and \$207,000, respectively over the prior fiscal year. The increase in revenues is primarily due to the increase in golf course activity during the year. The increase in expenses is primarily due to increases in depreciation expense resulting from the addition of new leased golf equipment and increases in the costs of goods sold.

Waterlefe Community Development District Management's Discussion and Analysis

THE DISTRICT'S FUNDS

Governmental Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of approximately \$1.9 million, which is an increase over last year's balance that totaled approximately \$1.8 million. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2018, the District incurred interest expenditures of approximately \$211,000 and repaid principal of \$250,000.

The overall increase in fund balance for the year ended September 30, 2018 totaled approximately \$169,000.

Proprietary Fund

The District's proprietary fund provides the same type of information found in the business-type activities column of the government-wide financial statements, but in more detail. Net position remained substantially unchanged from the prior year.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the General Fund, including the original budget and final adopted budget, is shown on page 33.

The District experienced favorable variances in revenues and expenditures as compared to the final budget in the amount of \$17,444 and \$260,950, respectively. The variance in revenues is primarily due to interest and other revenues. The variance in expenditures occurred primarily due to incurring fewer maintenance and operations expenses than anticipated.

Waterlefe Community Development District Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Fiscal year 2017 balances relating to business-type capital assets and accumulated depreciation have been restated by \$134,127 as a result of the District's early implementation of GASB Statement No. 87, *Leases* during the fiscal year ended September 30, 2018. At September 30, 2018, the District had approximately \$15.8 million invested in capital assets (net of accumulated depreciation). This amount represents a net decrease of approximately \$86,000 from the restated fiscal year 2017 total.

A listing of capital assets by major category for the current and prior year follows (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,021	\$ 4,021	\$ 4,653	\$ 4,653	\$ 8,674	\$ 8,674
Infrastructure	9,898	9,898	-	-	9,898	9,898
Golf course improvements	15	15	3,812	3,580	3,827	3,595
Buildings	-	-	1,783	1,783	1,783	1,783
Machinery and equipment	47	47	1,346	1,206	1,393	1,253
Vehicle	-	-	282	282	282	282
	13,981	13,981	11,876	11,504	25,857	25,485
Accumulated depreciation	(6,366)	(5,964)	(3,671)	(3,615)	(10,037)	(9,579)
Totals	<u>\$ 7,615</u>	<u>\$ 8,017</u>	<u>\$ 8,205</u>	<u>\$ 7,889</u>	<u>\$ 15,820</u>	<u>\$ 15,906</u>

More information about the District's capital assets is presented in Note 6 to financial statements.

Debt

At September 30, 2018, the District had approximately \$4.9 million of bonds outstanding. This amount represents a decrease of \$250,000 from the fiscal year 2017 total.

A listing of debt amounts outstanding for the current and prior year is as follows (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ 4,940	\$ 5,190	\$ -	\$ -	\$ 4,940	\$ 5,190
Totals	<u>\$ 4,940</u>	<u>\$ 5,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,940</u>	<u>\$ 5,190</u>

More information about the District's long-term debt is presented in Note 7 to financial statements.



Waterlefe Community Development District Management's Discussion and Analysis

FUTURE FINANCIAL FACTORS

Waterlefe Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2019 were established to provide for the operations of the District as well as the necessary debt service requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Waterlefe Community Development District's finance department at 12750 Citrus Park Lane, Suite 115, Tampa, FL 33625.



Basic Financial Statements

**Waterlefe Community Development District
Statement of Net Position**

<i>September 30,</i>	2018		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,550,911	\$ 203,086	\$ 1,753,997
Investments	313,382	-	313,382
Accounts receivable	1,840	118,683	120,523
Due from master association, net	1,829	-	1,829
Internal balances	159,683	(159,683)	-
Inventories	-	145,578	145,578
Prepaid expenses and deposits	19,101	71,015	90,116
Capital assets:			
Not being depreciated	4,020,707	4,652,792	8,673,499
Depreciable, net	3,593,932	3,552,284	7,146,216
Total assets	9,661,385	8,583,755	18,245,140
Liabilities			
Accounts payable and accrued expenses	115,964	123,749	239,713
Accrued interest payable	84,675	-	84,675
Non-current liabilities:			
Bonds payable - due within one year	245,000	-	245,000
Lease obligation - due within one year	-	346,764	346,764
Bonds payable - due in more than one year	4,670,605	-	4,670,605
Lease obligation - due in more than one year	-	310,862	310,862
Total liabilities	5,116,244	781,375	5,897,619
Deferred inflows of resources			
Deferred revenue	-	155,209	155,209
Total deferred inflows of resources	-	155,209	155,209
Net position			
Net investment in capital assets	2,876,358	7,547,450	10,423,808
Restricted for debt service	49,294	-	49,294
Unrestricted	1,619,489	99,721	1,719,210
Total net position	\$ 4,545,141	\$ 7,647,171	\$ 12,192,312

The accompanying footnotes are an integral part of these financial statements.

Waterlefe Community Development District Statement of Activities

Year ended September 30,

2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (241,771)	\$ 302,131	\$ -	\$ -	\$ 60,360	\$ -	\$ 60,360
Maintenance and operations	(1,191,868)	987,185	-	-	(204,683)	-	(204,683)
Interest	(208,855)	453,384	9,015	-	253,544	-	253,544
Total governmental activities	(1,642,494)	1,742,700	9,015	-	109,221	-	109,221
Business-type activities:							
Golf course	(1,214,834)	1,983,927	-	-	-	769,093	769,093
Restaurant	(295,428)	218,409	-	-	-	(77,019)	(77,019)
Pro Shop	(530,170)	224,193	-	-	-	(305,977)	(305,977)
Administrative and other	(501,205)	-	-	-	-	(501,205)	(501,205)
Total business-type activities	(2,541,637)	2,426,529	-	-	-	(115,108)	(115,108)
Total primary government	\$ (4,184,131)	\$ 4,169,229	\$ 9,015	\$ -			
General revenues							
Transfers					(111,000)	111,000	-
Interest and other revenues					20,812	20	20,832
Total general revenues					(90,188)	111,020	20,832
Change in net position					19,033	(4,088)	14,945
Net position - beginning of year					4,526,108	7,651,259	12,177,367
Net position - end of year					\$ 4,545,141	\$ 7,647,171	\$ 12,192,312

The accompanying footnotes are an integral part of these financial statements.

**Waterlefe Community Development District
Balance Sheet - Governmental Funds**

September 30,

2018

	General	Debt Service	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,550,911	\$ -	\$ 1,550,911
Investments	264	313,118	313,382
Accounts receivable	1,840	-	1,840
Due from master association, net	1,829	-	1,829
Due from other funds	164,760	-	164,760
Prepaid expenditures	19,101	-	19,101
Total assets	\$ 1,738,705	\$ 313,118	\$ 2,051,823
Liabilities and Fund Balances			
Liabilities			
Accounts payable and accrued expenses	\$ 115,964	\$ -	\$ 115,964
Due to other funds	3,252	1,825	5,077
Total liabilities	119,216	1,825	121,041
Fund balances			
Nonspendable	19,101	-	19,101
Restricted for debt service	-	311,293	311,293
Assigned for capital reserves	1,328,308	-	1,328,308
Unassigned	272,080	-	272,080
Total fund balances	1,619,489	311,293	1,930,782
Total liabilities and fund balances	\$ 1,738,705	\$ 313,118	\$ 2,051,823

The accompanying footnotes are an integral part of these financial statements.

Waterlefe Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position

<i>September 30,</i>	2018
Total fund balances, governmental funds	\$ 1,930,782
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level financial statements.	7,614,639
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level financial statements.	(5,000,280)
Total net position -governmental activities	\$ 4,545,141

The accompanying footnotes are an integral part of these financial statements.

Waterlefe Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

Year ended September 30,

2018

	General	Debt Service	Total Governmental Funds
Revenues			
Assessments	\$ 1,289,316	\$ 453,384	\$ 1,742,700
Prepayment revenue	-	4,162	4,162
Interest and other revenues	20,812	4,853	25,665
Total revenues	1,310,128	462,399	1,772,527
Expenditures			
Current:			
General government	241,771	-	241,771
Maintenance and operations	789,963	-	789,963
Debt service:			
Principal	-	250,000	250,000
Interest	-	210,696	210,696
Total expenditures	1,031,734	460,696	1,492,430
Excess (deficit) of revenues over expenditures	278,394	1,703	280,097
Other Financing Sources (Uses)			
Transfer out	(111,000)	-	(111,000)
Total other financing sources	(111,000)	-	(111,000)
Net change in fund balances	167,394	1,703	169,097
Fund balances, beginning of year	1,452,095	309,590	1,761,685
Fund balances, end of year	\$ 1,619,489	\$ 311,293	\$ 1,930,782

The accompanying footnotes are an integral part of these financial statements.

**Waterlefe Community Development District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

<i>Year ended September 30,</i>	2018
Net change in fund balances - governmental funds	\$ 169,097
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.	250,000
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities.	(401,905)
Amortization of the original issue discount is not recognized in the governmental fund statements but is reported as an expense in the Statement of Activities.	(1,938)
The change in accrued interest between the current and prior year is recorded in the Statement of Activities but not in the fund financial statements.	3,779
Change in net position of governmental activities	\$ 19,033

The accompanying footnotes are an integral part of these financial statements.

**Waterlefe Community Development District
Statement of Net Position – Proprietary Fund**

<i>September 30,</i>	2018
	Enterprise Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 203,086
Accounts receivable	118,683
Due from general fund	3,252
Inventories	145,578
Prepaid expenses and deposits	71,015
Total current assets	541,614
Capital assets, net	8,205,076
Total assets	\$ 8,746,690
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 123,749
Due to general fund	162,935
Capital lease obligation, current	346,764
Total current liabilities	633,448
Non-current liabilities:	
Capital lease obligation, less current portion	310,862
Total liabilities	944,310
Deferred inflows of resources	
Deferred revenue	155,209
Total deferred inflows of resources	155,209
Net position	
Net investment in capital assets	7,547,450
Unrestricted	99,721
Total net position	7,647,171
Total liabilities, deferred inflows of resources, and net position	\$ 8,746,690

The accompanying footnotes are an integral part of these financial statements.

Waterlefe Community Development District
Statement of Revenues, Expenses and Changes in Net Position – Proprietary
Fund

<i>Year ended September 30,</i>	2018
	Enterprise Fund
Revenues	
Charges for services:	
Golf course	\$ 1,983,927
Restaurant	218,409
Pro shop	224,193
Total revenues	2,426,529
Operating expenses	
Golf course	783,775
Restaurant	295,428
Pro shop	530,170
Administrative and other	501,205
Depreciation and amortization	431,059
Total operating expenses	2,541,637
Operating income (loss)	(115,108)
Non-operating revenues (expenses)	
Interest revenue	20
Total non-operating revenues	20
Net income (loss) before transfers	(115,088)
Transfers	
Interfund transfer in	111,000
Net income (loss)	(4,088)
Net position - beginning of year	7,651,259
Net position - end of year	\$ 7,647,171

The accompanying footnotes are an integral part of these financial statements.

Waterlefe Community Development District Statement of Cash Flows – Proprietary Fund

<i>Year ended September 30,</i>	2018
	Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$ 2,418,262
Payments to suppliers	(2,077,643)
Net cash provided by operating activities	340,619
Cash flows from non-capital financing activities	
Transfer (to)/from other funds, net	111,000
Due to/(from) other funds, net	8,504
Net cash provided by non-capital financing activities	119,504
Cash flows from capital and related financing activities	
Acquisition of capital assets	(748,124)
Proceeds from capital lease	485,814
Principal payments on capital lease	(222,253)
Net cash used by capital and related financing activities	(484,563)
Cash flows from investing activities	
Interest revenue	20
Net cash provided by investing activities	20
Net increase (decrease) in cash and cash equivalents	(24,420)
Cash and cash equivalents - beginning of year	227,506
Cash and cash equivalents - end of year	\$ 203,086

(continued)

The accompanying footnotes are an integral part of these financial statements.

**Waterlefe Community Development District
Statement of Cash Flows – Proprietary Fund (Continued)**

<i>Year ended September 30,</i>	2018
	Enterprise Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (115,108)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	431,059
Change in operating assets and liabilities:	
Accounts receivable	(15,841)
Inventories	(4,658)
Prepaid expenses and deposits	2,654
Accounts payable	34,939
Deferred revenue	7,574
Net cash used by operating activities	\$ 340,619

The accompanying footnotes are an integral part of these financial statements.

Waterlefe Community Development District Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

The Waterlefe Community Development District (the “District”) was established on October 24, 2000 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Manatee County Ordinance 00-55. The Act provides, among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by qualified electors that reside within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Allocating and levying special assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government.

Waterlefe Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental activities, which normally are supported by non-ad-valorem assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The business-type activities are reported separately in government-wide financial statements. 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. Assessments and other items not properly included as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of 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 the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Assessments, including debt service assessments along with operation and maintenance assessments, are non-ad valorem special assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance assessments are levied and certified for collection by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Waterlefe Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments and accounts receivable are recorded net of any provision for bad debt and allowance for doubtful accounts, respectively. The District provides for doubtful accounts based on experience and analysis of individual accounts. When the collectability of specific accounts becomes questionable, an allowance for doubtful accounts is established. At September 30, 2018, the allowance for doubtful accounts totaled \$67,357.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

Proprietary funds include the following fund types:

Golf Course Fund – The Golf Course Fund is used to account for the operations that provide recreational facilities within the District. Receipts are restricted and may only be used for costs associated with the operation of the golf course.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, and then unassigned resources as needed.

Waterlefe Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with the collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB Statement Number 3)*.

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others negotiable direct obligations of the U.S. Treasury; the Local Government Surplus Funds Trust as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Capital Assets

In the government-wide financial statements, capital assets, which include primarily land and infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. Proprietary fund capital assets are capitalized and depreciated over the useful lives of the assets. The District's proprietary fund capital assets include buildings and infrastructure for the golf course and recreational facilities.

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

Property, plant and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows: infrastructure – roadways, parks, courts, fields: 25 years; buildings: 40 years; golf improvements: 30 – 35 years; and furniture, fixtures, and equipment: 3 - 10 years.

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.

Waterlefe Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses/Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Statement of Net Position and Balance Sheet – Governmental Funds. These items will be amortized over the applicable usage period.

Inventories

Inventories in the proprietary fund consist primarily of golf equipment, apparel and accessories located in the golf pro shop. The District values its inventories at the lower of cost or market on a first-in, first-out basis.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest or straight-line method. Bonds payable are reported net of premiums or discounts. Issuance costs, whether or not withheld from the actual proceeds received, are reported as current period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes include 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 of this type of item at September 30, 2018.

In addition to liabilities, the Statement of Net Position reported 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. The District only has one item, deferred revenue, which qualifies for reporting in this category. Deferred revenue results from revenues collected in advance of the year for which they were levied or imposed.

Waterlefe Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the net position restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments prior to adoption.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. All budget changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Waterlefe Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Pronouncements

The GASB issued Statement No. 87, *Leases* which establishes new accounting and financial reporting requirements for governments with lease obligations. This Statement is effective for financial statements for fiscal years beginning after December 15, 2019 and has been early implemented by the District during the fiscal year ended September 30, 2018. Implementation of this statement has no material effect on beginning net position.

NOTE 3: INVESTMENTS

The District's investments primarily consist of money market funds and similar instruments in which shares are owned in the fund rather than the underlying investments. In accordance with GASB 72, *Fair Value Measurement and Application*, the money market amounts are reported at amortized cost. In addition, the District held investments in the Local Government Surplus Funds Trust Fund ("Florida PRIME") external investment pool. The Florida PRIME is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. Florida PRIME currently meets all of the necessary criteria set forth in GASB 79 to measure its investments at amortized cost; therefore, the District's account balance in the SBA is also reported at amortized cost. There are no limitations or restrictions on withdrawals from Florida PRIME, although on the occurrence of an event that has a material impact on liquidity or operations of the fund, the fund's executive director may limit contributions or withdrawals from the trust fund for a period of 48 hours.

The following is a summary of the District's investments:

<i>September 30,</i>	Weighted Average 2018 Credit Risk Maturities	
<i>Governmental activities</i>		
Short-term Money Market Funds	\$ 313,118	S&P AAAM 19-24 days
State Board of Administration Investment Florida PRIME	264	S&P AAAM 33 days
Total investments	\$ 313,382	

Concentration risk – The District's investment policy requires diversification, but does not specify limits on types of investments.

Custodial credit risk – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2018, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Waterlefe Community Development District Notes to Financial Statements

NOTE 3: INVESTMENTS (Continued)

Interest rate risk – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and, in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

NOTE 4: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risks of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has filed one claim totaling \$1,200 under this commercial coverage during the last three years.

NOTE 5: MANAGEMENT COMPANY

The District has contracted with a management company to perform management services, which include financial and accounting services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2018

Waterlefe Community Development District
Notes to Financial Statements

NOTE 6: CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
<i>Capital assets not being depreciated</i>				
Land and land improvements	\$ 4,020,707	\$ -	\$ -	\$ 4,020,707
Total capital assets not being depreciated	4,020,707	-	-	4,020,707
<i>Capital assets being depreciated</i>				
Infrastructure	9,898,454	-	-	9,898,454
Golf course improvements	14,812	-	-	14,812
Equipment	46,411	-	-	46,411
Total capital assets being depreciated	9,959,677	-	-	9,959,677
<i>Less accumulated depreciation for:</i>				
Infrastructure	(5,917,027)	(399,350)	-	(6,316,377)
Golf course improvements	(4,048)	(592)	-	(4,640)
Equipment	(42,765)	(1,963)	-	(44,728)
Total accumulated depreciation	(5,963,840)	(401,905)	-	(6,365,745)
Total capital assets being depreciated, net	3,995,837	(401,905)	-	3,593,932
Governmental activities capital assets, net	\$ 8,016,544	\$ (401,905)	\$ -	\$ 7,614,639

Depreciation expense relating to governmental activities of \$401,905 was allocated to maintenance and operations on the Statement of Activities.

**Waterlefe Community Development District
Notes to Financial Statements**

NOTE 6: CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type Activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 4,652,792	\$ -	\$ -	\$ 4,652,792
Total capital assets not being depreciated	4,652,792	-	-	4,652,792
<i>Capital assets being depreciated</i>				
Golf course improvements	3,580,653	231,801	-	3,812,454
Buildings	1,782,857	-	-	1,782,857
Furniture, fixtures and equipment	1,205,677	516,323	(375,978)	1,346,022
Vehicle	281,797	-	-	281,797
Total capital assets being depreciated	6,850,984	748,124	(375,978)	7,223,130
<i>Less accumulated depreciation for:</i>				
Golf course improvements	(1,844,412)	(109,286)	-	(1,953,698)
Buildings	(765,420)	(52,437)	-	(817,857)
Furniture, fixtures and equipment	(927,609)	(201,512)	375,978	(753,143)
Vehicle	(78,324)	(67,824)	-	(146,148)
Total accumulated depreciation	(3,615,765)	(431,059)	375,978	(3,670,846)
Total capital assets being depreciated, net	3,235,219	317,065	-	3,552,284
Business-type activities capital assets, net	\$ 7,888,011	\$ 317,065	\$ -	\$ 8,205,076

Beginning balances relating to business-type capital assets and accumulated depreciation have been restated by \$134,127 as a result of the District's early implementation of GASB Statement No. 87, *Leases* during the fiscal year ended September 30, 2018. Depreciation expense relating to business-type activities of \$431,059 was allocated to golf course operations on the Statement of Activities.

NOTE 7: BONDS PAYABLE

Capital Improvement Revenue Refunding Bonds, Series 2012 – On June 27, 2012, the District issued \$3,315,000 of Capital Improvement Revenue Refunding Bonds, Series 2012; with interest rates from 2.20% to 4.875%. The Bonds were issued to refund and redeem the entire outstanding principal amount of the District's Capital Improvement Revenue Bonds, Series 2001A. Interest is paid semiannually on each May 1 and November 1. Principal payments on the Series 2012 Bonds are made serially commencing on May 1, 2013 through May 1, 2031.

Waterlefe Community Development District Notes to Financial Statements

NOTE 7: BONDS PAYABLE (Continued)

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. The requirement has been met for the fiscal year ended September 30, 2018.

The bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occur as outlined in the Bond Indenture. The bonds are subject to redemption at the option of the District, in whole or in part at any time on or after May 1, 2023 at a redemption price of the principal amount being redeemed together with accrued interest to the date of redemption and without premium.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture.

Benefit Special Assessment Revenue Bonds, Series 2016 – On August 26, 2016, the District issued \$2,555,000 of Benefit Special Assessment Revenue Bonds, Series 2016; with an average interest rate of 3.50%. Interest is paid semiannually on each May 1 and November 1. Principal payments on Series 2016 Bonds are made serially commencing on May 1, 2018 through May 1, 2036.

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2012	\$ 2,640,000	\$ -	\$ (145,000)	\$ 2,495,000	\$ 145,000
Series 2016	2,550,000	-	(105,000)	2,445,000	100,000
	\$ 5,190,000	\$ -	\$ (250,000)	\$ 4,940,000	\$ 245,000

The balance of the long-term bonds at September 30, 2018 is summarized as follows:

	2018
Bond principal balance	\$ 4,940,000
Less unamortized bond discount	(24,395)
Net balance, Series 2012 and 2016 Bonds	\$ 4,915,605

Waterlefe Community Development District Notes to Financial Statements

NOTE 7: BONDS PAYABLE (Continued)

At September 30, 2018, the scheduled debt service requirements on long-term debt were as follows:

Year Ending September 30	Principal	Interest	Total Debt Service
2019	\$ 245,000	\$ 202,508	\$ 447,508
2020	255,000	193,562	448,562
2021	260,000	183,608	443,608
2022	275,000	173,082	448,082
2023	285,000	162,165	447,165
2024 - 2028	1,635,000	618,047	2,253,047
2029 - 2033	1,475,000	244,249	1,719,249
2034 - 2036	510,000	36,034	546,034
	<u>\$ 4,940,000</u>	<u>\$ 1,813,255</u>	<u>\$ 6,753,255</u>

NOTE 8: LEASES

The GASB issued Statement No. 87, *Leases* which is effective for financial statements for fiscal years beginning after December 15, 2019 and has been early implemented by the District during the fiscal year ended September 30, 2018. Implementation of this statement has no material effect on beginning net position.

The District has entered into multiple lease agreements as lessee for financing the acquisition of golf equipment and vehicles. The equipment and vehicles have been capitalized and are included in property and equipment at a cost of approximately \$967,000 on the accompanying Statement of Net Position. Accumulated amortization through September 30, 2018 totaled approximately \$297,000. Amortization of these lease assets is included in depreciation expense and accumulated depreciation in the accompanying government-wide financial statements.

Principal and interest requirements are as follows:

Year Ending September 30	Principal	Interest	Total Lease Requirements
2019	\$ 346,764	\$ 11,646	\$ 358,410
2020	182,312	7,257	189,569
2021	102,588	2,911	105,499
2022	25,962	438	26,400
	<u>\$ 657,626</u>	<u>\$ 22,252</u>	<u>\$ 679,878</u>

Waterlefe Community Development District Notes to Financial Statements

NOTE 9: INTERFUND BALANCES

At September 30, 2018, the Enterprise Fund owed the General Fund \$162,935. The outstanding balance results primarily from the \$450,000 settlement paid by the General Fund to the former developer in the prior fiscal year, of which the Enterprise Fund agreed to reimburse \$200,000 to the General Fund. The Enterprise Fund made a payment of \$100,000 to the General Fund during fiscal year 2017, leaving \$100,000 still due at September 30, 2018. The remaining portion of the interfund balance is mostly due to the payment of the golf course's fiscal year 2018 insurance premiums from the General Fund.

NOTE 10: SUBSEQUENT EVENTS:

Subsequent to year end, the District entered into a contract totaling \$192,000 with Crosscreek Environmental for the bank restoration project.

In October 2018, the District fully paid off an outstanding lease with PNC Equipment Finance in the amount of \$157,616.

In December 2018, the District signed a contract with Rapid Security Solutions totaling \$42,933 for gate maintenance. The District anticipates this maintenance to be completed in 2019.



**Required Supplemental Information
(Other than MD&A)**

**Waterlefe Community Development District
Budget to Actual Comparison Schedule - General Fund**

Year ended September 30,

2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Assessments	\$ 1,292,684	\$ 1,289,316	\$ (3,368)
Interest and other revenues	-	20,812	20,812
Total revenues	1,292,684	1,310,128	17,444
Expenditures			
General government	258,572	241,771	16,801
Maintenance and operations	1,034,112	789,963	244,149
Total expenditures	1,292,684	1,031,734	260,950
Excess of revenues over expenditures	\$ -	\$ 278,394	\$ 278,394



Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRIcpa.com

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

To the Board of Supervisors
Waterlefe Community Development District
Manatee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of Waterlefe Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report dated June 25, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described below as item IC2017-001 that we consider to be a material weakness.

IC2017-001: Golf Course Transactions

- Condition: As part of our audit procedures, we identified certain entries totaling approximately \$21,000 included in accounts payable in the Enterprise Fund as of September 30, 2018. These entries were made to balance the monthly revenue entries for the golf course, and essentially represent unreconciled differences.
- Criteria: Internal controls should be in place to prevent the accumulation of such a balance.
- Cause: The District did not investigate differences when recording the monthly revenue activity of the Enterprise Fund, and instead recorded the unreconciled difference in accounts payable.
- Effect: Liabilities were overstated and revenues understated by approximately \$21,000 in the Enterprise Fund.
- Recommendation: We recommend the District investigate all differences when recording the monthly revenue activity of the Enterprise Fund, so that all related balances are properly stated and supported by the underlying reports.

The District's response to the finding identified in our audit is described below. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

- Management Response: The District has already taken further steps to ensure that this oversight is avoided in the future.

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 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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 25, 2019

MANAGEMENT LETTER

To the Board of Supervisors
Waterlefe Community Development District
Manatee County, Florida

Report on the Financial Statements

We have audited the financial statements of the Waterlefe Community Development District (“District”) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 25, 2019.

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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent 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 these reports, which are dated June 25, 2019, 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. Recommendation IC2017-001 was made in the preceding financial audit report and is addressed on page 35. Actions have been taken to address the finding, which was included in the preceding fiscal year audit report. These actions are described in the District’s response to the finding, also on page 35.

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 information required is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we 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 identification of 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. 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.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we 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 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, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 25, 2019



Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors
Waterlefe Community Development District
Manatee County, Florida

We have examined Waterlefe Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and performed 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 judgement, 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, 2018.

This report is intended solely for the information and use of 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 25, 2019