
Miromar Lakes Community Development District

Regular Meeting Agenda

December 13, 2018



Visit our Web Site at: www.miromarlakescdd.org

Prepared by:

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MIROMAR LAKES

COMMUNITY DEVELOPMENT DISTRICT

December 5, 2018

Board of Supervisors
Miromar Lakes Community Development District

Dear Board Members:

The Regular Meeting of the Board of Supervisors of the Miromar Lakes Community Development District will be held on **Thursday, December 13, 2018, at 2:00 P.M.** at the **Beach Clubhouse, 18061 Miromar Lakes Parkway, Miromar Lakes, Florida 33913.**

1. Call to Order & Roll Call
2. Consideration of Minutes:
 - I. October 11, 2018 – Regular Meeting
 - II. November 8, 2018 – Regular Meeting
3. Staff Reports
 - a) Attorney
 - b) Engineer
 - c) Asset manager
 - d) Manager
 - I. Financial Statements for the period ending October 31, 2018 (Unaudited)
 - II. Audited Financial Statements Fiscal Year 2018
4. Supervisor's Requests and Audience Comments
5. Adjournment

The second order of business is the consideration of the minutes of the October 11, 2018 and November 8, 2018 regular meetings.

Miromar Lakes Community Development District

The balance of the Agenda is standard in nature and I look forward to seeing you at the meeting, and if you have any questions and/or comments, please do not hesitate to contact me directly at (954) 658-4900.

Yours sincerely,

**Miromar Lakes
Community Development District**



James P. Ward
District Manager
Enclosures

**MINUTES OF MEETING
MIROMAR LAKES
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the Board of Supervisors of Miromar Lakes Community Development District was held on Thursday, October 11, 2018, at 2:00 p.m. at the Beach Clubhouse, located at 18061 Miromar Lakes Parkway, Miromar Lakes, Florida 33913.

Present and constituting a quorum:

Dr. David Herring	Chairman (via telephone)
Mr. Doug Ballinger	Vice Chairman
Mr. Alan Refkin	Assistant Secretary
Mr. Michael Weber	Assistant Secretary
Mr. Burnett Donoho	Assistant Secretary

Also present were:

James P. Ward	District Manager
Greg Urbancic	District Counsel
Charlie Krebs	District Engineer
Paul Cusmano	Calvin Giordano & Associates

Audience:

Ms. Mary LeFevre	Resident
Mr. Tim Byal	Miromar Development Corporation

All resident's names were not included with the minutes. If a resident did not identify themselves or the audio file did not pick up the name, the name was not recorded in these minutes.

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

District Manager James P. Ward called the meeting to order at approximately 2:00 p.m. and all Members of the Board were present at roll call.

SECOND ORDER OF BUSINESS

Consideration of Minutes

Mr. Ward called for any additions, corrections or deletions to the September 13, 2018 Minutes. He stated an amended copy of the Minutes had been provided with red-lined corrections.

Assistant Secretary Michael Weber stated on page 2, in the first paragraph "\$617.00 dollars" should be changed to "\$617,000.00 dollars;" on the bottom half of page 6 "Mr. Weber responded" should be changed to "Mr. Risso responded" and "Mr. Weber said that if Mr. Weber" should be changed to "Mr. Weber said that if Mr. Risso;" the bottom of page 7 should read "However, if the \$150,000.00 was ever needed the reserves would be more than adequate" rather than "However, if the \$150,000.00 was never needed the impact down the road would be more than adequate."

Vice Chairman Doug Ballinger stated during a previous meeting it had been decided “Master Association” should be added into the Minutes in place of “HOA”; for clarity and continuity purposes Master Association should be used consistently. Mr. Ward indicated he would make a global change to the Minutes to reflect Master Association where appropriate. Mr. Ballinger stated on page 6 “like the economies a scale” should read “like the economies up scale;” on page 8 the control elevation should be clearly defined as 18 feet above, as readers may not understand what the control elevation was. Chairman David Herring indicated in some instances the control elevation varied and could be 16 feet or 18 feet depending. Mr. Ward concurred; the wording “control elevation” would remain the same. Mr. Ballinger stated on page 10 “an unidentified speaker was asked” should read “an unidentified speaker asked.”

Mr. Ward asked if there were any additional corrections. There were none.

On MOTION made by Mr. Alan Refkin, seconded by Mr. Burnett Donoho, and with all in favor, the September 13, 2018 Minutes as amended were approved.

THIRD ORDER OF BUSINESS

Staff Reports

a) Attorney

Mr. Ward asked District Council Greg Urbancic for his Staff Report. Mr. Urbancic responded he had no Staff Report.

b) Engineer

Mr. Ward reported at the previous meeting a discussion was held regarding water management systems owned by the District and not owned by the District. He stated he asked District Engineer Charlie Krebs to create a map and information sheet which illustrated the entire water management system within Miromar Lakes including who owned which areas. A Board Member 8:34 asked if this information was on the website. Mr. Ward responded in the negative; it was not online yet. He stated he wanted the Board to review the map as he was surprised to see how much of the water management system the District did not own. District Engineer Charlie Krebs reported the red areas on the map indicated drainage areas the District had received; however, in review of the Bond Issues no documentation could be found which would prove acquisition. He stated the areas in yellow had various owners: Miromar Lakes, LLC, Ravenna, San Marino, etc., according to the Lee County Property Appraiser website. A Board Member 10:39 asked if there was a blanket easement document the CDD could create to simplify the process and prevent excessive legal fees for the various associations. He indicated the goal was to acquire responsibility for the entire water management system in Miromar Lakes, especially knowing the system was not being properly maintained throughout. He stated it was appropriate for the CDD, as the surface water management entity, to fully maintain the assets which were owned by the various entities. Mr. Ward stated this could be accomplished. He asked if the various entities each had separate legal descriptions. Mr. Krebs responded in the affirmative; he explained most of the right-of-ways were separate tracts created by plat, but the

multifamily legal description was of the entire multifamily community and buildings. He stated multifamily communities were generally not broken up into right-of-way tracts or water management tracts. Mr. Ward asked if the majority of the various communities on the information sheet were multifamily communities. Mr. Krebs responded he was unsure. Mr. Ward stated with the Master Association, a developer, or a single family roadway, it would be a simple matter to create an easement transfer to the CDD document; however, condo associations were more difficult. He stated he did not want to encumber an entire condo building with an easement to the CDD. A Board Member 13:33 stated he felt it was not important for the CDD to necessarily own all the water drainage areas, but it was important for the CDD to have the right to access and maintain the water drainage areas. A Board Member 14:17 asked what percentage of the lake areas did the CDD not own, and how would acquisition of the unowned areas affect the budget. Mr. Krebs responded the CDD owned approximately 90% of the lake areas; however, there were roadways and yard drainage areas in individual communities which had not been transferred to the CDD. Discussion ensued regarding yard drainage, whether it was the CDD's responsibility to clean yard drainage, valley gutter water collection access, road drainage, roof drainage, where CDD management of drainage maintenance left off and HOA responsibilities began, and local HOA drainage maintenance responsibilities. A Board Member 16:53 stated the water systems that the MRI identified and serviced were the assets the CDD needed to be able to continuously maintain for surface water management purposes; yard drainage was not included. Mr. Ward concurred; yard drainage maintenance was the homeowner's responsibility. Discussion ensued regarding valley gutter maintenance being the responsibility of the CDD, valley gutter repair not being the responsibility of the CDD, the CDD needing access to the valley gutters for surface water maintenance purposes only, not owning the valley gutters, and did the CDD need ownership in order to secure access for maintenance purposes. Mr. Ward stated ownership was not necessary, only an access easement was needed for purposes of maintenance. Mr. Urbancic stated if the CDD did not acquire the drainage areas as assets prior to maintenance, maintenance would need to be done via reimbursement. Mr. Ward stated he felt storm drainage pipes could be added to the easement form to simplify things. Mr. Urbancic concurred. Mr. Ward asked what the next step was in terms of getting this on paper. Mr. Krebs stated he thought the next step would be to go neighborhood by neighborhood in the single family areas and acquire the drainage easements per each plat. He stated the condo associations would be a little more complicated, but he would work with Mr. Urbancic, combing out the situation plat by plat. Mr. Ward asked how long the process would take. Mr. Krebs responded he was uncertain; it would be a long process. Mr. Krebs briefly described his process and indicated at the next meeting he would report on his progress and inform the Board how much more time he would need. Mr. Ward stated he approved of the plan.

c) Asset Manager

I. September, 2018 Report

Mr. Bruce Bernard reported between Miromar and the CDD approximately 120 catch basins and lake openings had been cleaned. He stated in the next several months he would organize the cleaning of the easements Mr. Krebs acquired for the CDD. He stated he planned to prepare a yearly report indicating which drainage areas needed to be cleaned. A Board Member 23:56 asked what the MRI had charged to clean the drainage basins. Mr. Bernard responded \$60,000 dollars. Discussion ensued regarding the CDD's portion of the \$60,000 dollars being \$19,000

dollars, and the cost being high due to certain drainage areas never having been cleaned before. Mr. Bernard stated the cost would be significantly less in years to come (between \$10,000 dollars and \$20,000 dollars) due to regular maintenance and only a third of the system requiring maintenance yearly. He reported the trimming of the hedge of FGCU would be completed next week and the lake bank erosion contract proposals for Montebello, Portofino, and Bellamare would be acquired within the next couple months. A Board Member 25:49 stated a good job was done trimming the viburnum hedge on the Ben Hill Griffin berm side and asked if there was a plan to fill the now visible viburnum gaps. Mr. Bernard responded in the affirmative.

d) Manager

I. Financial Statements for the period ending August 31, 2018 (Unaudited)

FOURTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Mr. Ward asked if there were any comments from the Board. A Board Member 26:35 inquired about Lyons Land Corp, LLC's ownership of Siena as per Mr. Krebs information sheet. Mr. Krebs reported Lyons Land Corp, LLC was the original home builder. He explained when he pulled Siena up on the Lee County Property Appraiser website it was listed as owned by Lyons Land Corp, LLC. Discussion ensued regarding Lyons Land Corp, LLC, not being the owner of Siena, whether it was legally required to fix the discrepancy and the importance of notifying the Siena HOA owner representative of the discrepancy.

Mr. Ward asked if there were any comments from the Audience. There were none.

FIFTH ORDER OF BUSINESS

Adjournment

Mr. Ward adjourned the meeting at 2:30 p.m.

On MOTION made by Mr. Alan Refkin, seconded by Mr. Doug Ballinger, and with all in favor, the meeting was adjourned.

Miromar Lakes Community Development District

James P. Ward, Secretary

Doug Ballinger, Vice Chairman

**MINUTES OF MEETING
MIROMAR LAKES
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the Board of Supervisors of Miromar Lakes Community Development District was held on Thursday, November 8, 2018, at 2:00 p.m. at the Beach Clubhouse, located at 18061 Miromar Lakes Parkway, Miromar Lakes, Florida 33913.

Present and constituting a quorum:

Dr. David Herring	Chairman
Mr. Doug Ballinger	Vice Chairman
Mr. Alan Refkin	Assistant Secretary
Mr. Michael Weber	Assistant Secretary

Absent:

Mr. Burnett Donoho	Assistant Secretary
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Also present were:

James P. Ward	District Manager
Greg Urbancic	District Counsel
Charlie Krebs	District Engineer
Paul Cusmano	Calvin Giordano & Associates
Bruce Bernard	Asset Manager

Audience:

Ms. Mary LeFevre	Resident
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All resident's names were not included with the minutes. If a resident did not identify themselves or the audio file did not pick up the name, the name was not recorded in these minutes.

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

District Manager James P. Ward called the meeting to order at approximately 2:00 p.m. and all Members of the Board were present at roll call with the exception of Supervisor Burnett Donoho.

SECOND ORDER OF BUSINESS

Consideration of Minutes

Mr. Ward stated the second order of business would be pulled as the Minutes to be considered were incorrect.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2019-1

Consideration of Resolution 2019-1 amending the Fiscal Year 2019 Adopted Budget for the Series 2012 Debt Service Fund.

Mr. Ward stated the third order of business would be pulled as it was not needed.

FOURTH ORDER OF BUSINESS**Staff Reports****a) Attorney**

Mr. Ward asked District Council Greg Urbancic for his Staff Report. Mr. Urbancic responded he had no Staff Report to present.

b) Engineer

District Engineer Charlie Krebs reported he had prepared a list of plats and tracts which could be used to dedicate improvements. He stated he would work with Greg Urbancic to secure the necessary documents. He stated he reviewed the deeds on file and the drainage exhibit to ensure all was up to date. He stated he was in process of transferring the questionable drainage areas to the CDD. Mr. Urbancic stated a bill of sale would be obtained for the drainage areas; he and Mr. Krebs would address the areas where the CDD did not have rights to easements and obtain appropriate easements documents. Mr. Ward stated this would be completed gradually; the Master Association Miromar Development would be completed first, followed by the single family areas not owned by the developer, and finally the multifamily condo areas which would prove the most difficult. Mr. Krebs asked for a copy of the last claim report from MRI. He stated this could be used to verify any problems on the system which needed to be addressed.

c) Asset Manager

Mr. Bruce Bernard stated once ownership was obtained of the drainage easements, any damage to the drainage pipes under the roadways would be the CDD's responsibility to repair. The CDD would be required to repair the pipes and the roads as well. He stated over the years drainage pipes could become infiltrated and collapse which caused road damage. He wanted the CDD to be prepared to set monies aside for the repairs which would eventually be needed. Discussion ensued regarding equipment which allowed work to be completed under the roadways without damaging the roadway, this being impossible if there was collapse of a pipe, the various steps needed in drainage pipe repair, road repair, unpredictability of drainage pipe lifespan, sometimes 40 years without damage, and the various contractors who installed the drainage pipes throughout the community. Mr. Bernard stated he was talking about worst case scenario repairs. Mr. Ward stated if a community owned a drainage system, eventually repairs would be required; not necessarily often, but certainly repairs would be needed. He stated over time, as the CDD obtained a stronger financial footing, funds would be set aside for this purpose. He stated he did not see drainage pipe repair being a short term (in the next 2 to 3 years) problem. A Board Member 7:26 stated the roads/drainage pipes in one of his communities were just repaired after 22 years as a part of the road resurfacing project; only one place was found in which the pipe and box had separated and needed significant repair. He described the process in which it was determined if repair was necessary. Discussion ensued regarding the cost of repair being spread out between units and therefore overall more affordable for residents, the

importance of the drainage system, and the CDD being the right agency to oversee drainage system repair.

Discussion ensued regarding repainting of the golf course bridge which should be completed in a week and a half, where the paint truck was parked, and possible damage to the lawn.

Mr. Bernard stated a count had been completed and 60 viburnum plants would need to be replaced in the berm. He stated Mr. Ward signed the paperwork for the FEMA irrigation reimbursement, which refunded approximately 75% of the smaller irrigation job (approximately \$9,000 dollars of the \$12,000 dollars), and hopefully within the next 6 weeks he would hear news regarding the larger irrigation job reimbursement. He stated a meeting had been held with the CDD contractor to obtain proposals for the lake bank erosion projects, and the contractor would have proposals by the end of the month.

d) Manager

Mr. Ward stated BrightView Landscaping would receive notice regarding termination at the end of the month. He stated there was approximately \$100,000 dollars set aside for tree trimming which would take 2 months to complete, at which point the relationship with BrightView Landscaping would end. He explained this would not be done until after the holidays.

FIFTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Mr. Ward asked if there were any comments from the Board. A Board Member 13:53 asked if anything had been heard regarding the median strip tax situation. Mr. Ward responded an assistant county attorney (who was the Chief Financial Officer) spoke with Tim; it was realized this was not a short term solvable problem and the attorney agreed not to assess the CDD in November. He explained an agreement would be put into place between all parties to maintain this median strip on a going forward basis by October of 2019. He stated if this was not done the CDD could assess another \$50,000 dollar bill. He stated he would contact Tim periodically to enquire about the situation.

A Board Member 15:57 asked if there was a contract between the CDD and the Master Association regarding the landscaping transactions as the CDD was still the owner of the property which the Master Association would be landscaping. Mr. Ward responded in the affirmative; there was an agreement in place which required the Master Association to maintain the property; there would be no transfer of ownership of property. Discussion ensued regarding fees for 2019, a light being out in the exit median strip, and the county repairing this light in the "near future."

A Board Member 18:57 asked about Mike Elgin. Mr. Ward responded Mr. Elgin was no longer with Miromar; he did not know why or where Mr. Elgin had gone. A Board Member 19:48 asked about Mike Fabian. Mr. Ward responded he knew nothing about Miromar Development's internal workings or Mr. Fabian.

An Audience Member 21:21 asked about his tax bill and how the \$2,600 dollars in fees were distributed. Mr. Ward explained this was the debt service tax bill which included the fee for \$520 dollars plus the capital assessment of each lot. The Audience Member asked taxes and fees would be affected if Miromar was to take over landscaping and maintenance. Mr. Ward responded as a result, the fees had already been lowered from \$700 dollars to \$520, and next year should be lowered again. He stated the

budget was being completed and in the next few weeks the new fees would be known. Discussion ensued regarding fees, upcoming fees potentially being less, 2018 fees including 3 months of landscaping, and the expanding beaches/sand requirements possibly causing fees to rise.

Mr. Ward asked if there were any more comments from the Audience. There were none.

SIXTH ORDER OF BUSINESS

Adjournment

Mr. Ward adjourned the meeting at 2:26 p.m.

On MOTION made by Mr. Alan Refkin, seconded by Mr. Doug Ballinger, and with all in favor, the meeting was adjourned.

Miromar Lakes Community Development District

James P. Ward, Secretary

Doug Ballinger, Vice Chairman

Miromar Lakes Community Development District

Financial Statements

October 31, 2018



Visit our web site: www.miromarlakescdd.org

Prepared by:

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Miromar Lakes Community Development District

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**Miromar Lakes Community Development District
Balance Sheet
for the Period Ending October 31, 2018**

	Governmental Funds						Totals (Memorandum Only)
	Debt Service Funds			Account Groups			
	General Fund	Series 2012	Series 2015	General Long Term Debt	General Fixed Assets		
Assets							
Cash and Investments							
General Fund - Invested Cash	\$ 231,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 231,746
Debt Service Fund							
Interest Account	-	-	-	-	-	-	-
Sinking Account	-	-	-	-	-	-	-
Reserve Account	-	397,373	697,943	-	-	-	1,095,316
Revenue	-	258,571	584,905	-	-	-	843,477
Prepayment Account	-	384,613	1,248,477	-	-	-	1,633,090
Due from Other Funds							
General Fund	-	-	-	-	-	-	-
Debt Service Fund(s)	-	-	-	-	-	-	-
Market Valuation Adjustments							
Accrued Interest Receivable	-	-	-	-	-	-	-
Assessments Receivable	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-
Amount Available in Debt Service Funds	-	-	-	3,571,883	-	-	3,571,883
Amount to be Provided by Debt Service Funds	-	-	-	20,083,117	-	-	20,083,117
Investment in General Fixed Assets (net of depreciation)	-	-	-	-	36,514,917	-	36,514,917
Total Assets	\$ 231,746	\$ 1,040,556	\$ 2,531,326	\$ 23,655,000	\$ 36,514,917	\$ -	\$ 63,973,546

Miromar Lakes Community Development District
Balance Sheet
for the Period Ending October 31, 2018

	Governmental Funds			Account Groups		Totals (Memorandum Only)
	Debt Service Funds			General Long Term Debt	General Fixed Assets	
	General Fund	Series 2012	Series 2015			
Liabilities						
Accounts Payable & Payroll Liabilities	\$ 2,276	\$ -	\$ -	\$ -	\$ -	\$ 2,276
Due to Other Funds						-
General Fund	-	-	-	-	-	-
Debt Service Fund(s)	-	-	-	-	-	-
Other Governments		-				-
Bonds Payable	-					-
Current Portion	-	-	-	\$1,070,000.00	-	1,070,000
Long Term	-	-	-	\$22,585,000.00	-	22,585,000
Total Liabilities	\$ 2,276	\$ -	\$ -	\$ 23,655,000	\$ -	\$ 23,657,276
Fund Equity and Other Credits						
Investment in General Fixed Assets	-			-	36,514,917	36,514,917
Fund Balance						
Restricted						
Beginning: October 1, 2018 (Unaudited)	-	1,034,253	2,523,552	-	-	3,557,805
Results from Current Operations	-	6,304	7,774	-	-	14,078
Unassigned						
Beginning: October 1, 2018 (Unaudited)	189,231			-	-	189,231
Results from Current Operations	40,239			-	-	40,239
Total Fund Equity and Other Credits	\$ 229,470	\$ 1,040,556	\$ 2,531,326	\$ -	\$ 36,514,917	\$ 40,316,270
Total Liabilities, Fund Equity and Other Credits	\$ 231,746	\$ 1,040,556	\$ 2,531,326	\$ 23,655,000	\$ 36,514,917	\$ 63,973,546

Prepared by:

JPWARD and Associates, LLC

Miromar Lakes Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through October 31, 2018

Description	October	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources				
Carryforward	\$ -	-	\$ -	N/A
Interest				
Interest - General Checking	8	8	300	3%
Special Assessment Revenue				
Special Assessments - On-Roll	(2,061)	(2,061)	660,386	0%
Special Assessments - Off-Roll	63,304	63,304	253,216	25%
Miscellaneous Revenue				
	-	-	0	N/A
Intragovernmental Transfer In				
	-	-	0	N/A
Total Revenue and Other Sources:	\$ 61,251	61,251	\$ 913,902	7%
Expenditures and Other Uses				
Legislative				
Board of Supervisor's - Fees	1,000	1,000	12,000	8%
Board of Supervisor's - Taxes	77	77	918	8%
Executive				
Professional Management	3,333	3,333	40,000	8%
Financial and Administrative				
Audit Services	-	-	5,200	0%
Accounting Services	-	-	-	N/A
Assessment Roll Services	-	-	18,000	0%
Arbitrage Rebate Services	500	500	1,000	50%
Other Contractual Services				
Legal Advertising	-	-	1,200	0%
Trustee Services	-	-	7,900	0%
Property Appraiser/Tax Collector Fees	-	-	2,400	0%
Bank Services	32	32	550	6%
Travel and Per Diem				
	-	-	-	N/A
Communications & Freight Services				
Postage, Freight & Messenger	134	134	400	34%
Insurance				
	5,778	5,778	5,800	100%
Printing & Binding				
	249	249	1,200	21%
Website Maintenance				
	50	50	1,000	5%
Office Supplies				
	-	-	-	N/A
Subscription & Memberships				
	175	175	175	100%
Legal Services				

Miromar Lakes Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through October 31, 2018

Description	October	Year to Date	Total Annual Budget	% of Budget
Legal - General Counsel	-	-	30,000	0%
Legal - Litigation	-	-	-	N/A
Legal - Center Place - Special Counsel	-	-	30,000	0%
Legal - Center Place	-	-	-	N/A
Land Exchange - Salerno	-	-	-	N/A
Other General Government Services				
Engineering Services - General Fund	-	-	15,000	0%
NPDES	-	-	250	0%
Asset Administration Services	-	-	10,000	0%
Center Place	-	-	-	N/A
Sub-Total:	11,328	11,328	182,993	6%
Hurricane Relief Services				
Engineering Services				
General Engineering	-	-	-	N/A
Water Mgt - Debris Removal				
Lake Bank Erosion	-	-	-	N/A
Landscaping - Debris Removal				
Landscaping Removal	-	-	-	N/A
Sub-Total:	-	-	-	-
Stormwater Management Services				
Professional Services				
Asset Management	-	-	34,800	0%
Mitigation Monitoring	-	-	500	0%
Utility Services				
Electric - Aeration Systems	-	-	4,400	0%
Lake System				
Aquatic Weed Control	-	-	56,500	0%
Lake Bank Maintenance	-	-	3,000	0%
Water Quality Testing	-	-	13,840	0%
Water Control Structures	-	-	24,000	0%
Grass Carp Installation	-	-	-	N/A
Litoral Shelf Barrier/Replanting	-	-	-	N/A
Aeration System	-	-	2,000	0%
Wetland System				
Routine Maintenance	-	-	42,100	0%
Other Current Charges	-	-	-	N/A

Miromar Lakes Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through October 31, 2018

Description	October	Year to Date	Total Annual Budget	% of Budget
Capital Outlay				
Aeration Systems	-	-	10,800	0%
Littortal Shelf Replanting/Barrier	-	-	6,000	0%
Lake Bank Restoration	-	-	-	N/A
Turbidity Screens	-	-	13,800	0%
Erosion Restoration	4,492	4,492	223,894	2%
Contingencies	-	-	3,000	0%
Sub-Total:	4,492	4,492	438,634	1%
Landscaping Services				
Professional Management				
Asset Management	-	-	9,300	0%
Utility Services				
Electric	-	-	-	N/A
Irrigation Water	2,703	2,703	1,250	216%
Repairs & Maintenance				
Public Area Landscaping	-	-	191,350	0%
Irrigation System	1,002	1,002	4,000	25%
Well System	-	-	1,000	0%
Plant Replacement	1,488	1,488	10,000	15%
Other Current Charges				
Lee County Assessments	-	-	51,000	0%
Charlotte County Assessments	-	-	375	0%
Hendry County - Panther Habitat Taxes	-	-	-	N/A
Operating Supplies				
Mulch	-	-	24,000	0%
Capital Outlay	-	-	-	N/A
Sub-Total:	5,192	5,192	292,275	2%
Total Expenditures and Other Uses:	\$ 21,012	\$ 21,012	\$ 913,902	2%
Net Increase/ (Decrease) in Fund Balance	40,239	40,239	-	
Fund Balance - Beginning	189,231	189,231	526,359	
Fund Balance - Ending	\$ 229,470	229,470	\$ 526,359	

Miromar Lakes Community Development District
Debt Service Fund - Series 2012 Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance
Through October 31, 2018

Description	October	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources				
Carryforward	\$ -	-	\$ 410,000	N/A
Interest Income				
Reserve Account	3,631	3,631	7,200	50%
Prepayment Account	287	287	4,500	N/A
Revenue Account	325	325	-	#DIV/0!
Interest Account	-	-	-	N/A
Special Assessment Revenue				
Special Assessments - On-Roll	2,061	2,061	902,776	0%
Special Assessments - Off-Roll	-	-	14,580	0%
Special Assessments - Prepayments	-	-	-	N/A
Operating Transfers In (From Other Funds)	-	-	-	N/A
Total Revenue and Other Sources:	\$ 6,304	6,304	\$ 1,339,056	N/A
Expenditures and Other Uses				
Debt Service				
Principal Debt Service - Mandatory				
Series 2012 Bonds	-	-	\$ 460,000	0%
Principal Debt Service - Early Redemptions				
Series 2012 Bonds	-	-	410,000	N/A
Interest Expense				
Series 2012 Bonds	-	-	469,056	0%
Operating Transfers Out (To Other Funds)	-	-	-	N/A
Total Expenditures and Other Uses:	\$ -	-	\$ 1,339,056	N/A
Net Increase/ (Decrease) in Fund Balance	6,304	6,304	-	
Fund Balance - Beginning	1,034,253	1,034,253	870,552	
Fund Balance - Ending	\$ 1,040,556	1,040,556	\$ 870,552	

Miromar Lakes Community Development District
Debt Service Fund - Series 2015 Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance
Through October 31, 2018

Description	October	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources				
Carryforward	\$ -	-	\$ 1,310,000	N/A
Interest Income				
Reserve Account	6,097	6,097	12,000	51%
Interest Account	-	-	-	N/A
Prepayment Account	932	932	2,400	N/A
Revenue Account	744	744	4,000	N/A
Special Assessment Revenue				
Special Assessments - On-Roll	-	-	532,599	0%
Special Assessments - Off-Roll	-	-	742,351	0%
Special Assessments - Prepayments	-	-	-	N/A
Operating Transfers In (From Other Funds)	-	-	-	N/A
Bond Proceeds	-	-	-	N/A
Total Revenue and Other Sources:	\$ 7,774	\$ 7,774	\$ 2,603,350	N/A
Expenditures and Other Uses				
Debt Service				
Principal Debt Service - Mandatory				
Series 2015 Bonds	-	-	\$ 560,000	0%
Principal Debt Service - Early Redemptions				
Series 2015 Bonds	-	-	1,310,000	N/A
Interest Expense				
Series 2015 Bonds	-	-	733,350	0%
Operating Transfers Out (To Other Funds)	-	-	-	N/A
Total Expenditures and Other Uses:	\$ -	-	\$ 2,603,350	N/A
Net Increase/ (Decrease) in Fund Balance	7,774	7,774	-	
Fund Balance - Beginning	2,523,552	2,523,552	-	
Fund Balance - Ending	\$ 2,531,326	2,531,326	\$ -	

**MIROMAR LAKES
COMMUNITY DEVELOPMENT DISTRICT
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Miromar Lakes Community Development District
Lee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of Miromar Lakes Community Development District, Lee County, Florida ("District") as of and for the fiscal 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2018, and the respective changes in financial position thereof for the fiscal 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 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 November 29, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated November 29, 2018, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



November 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Miromar Lakes Community Development District, Lee County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$13,708,663.
- The change in the District's total net position in comparison with the prior fiscal year was \$1,988,872, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2018, the District's governmental funds reported combined ending fund balances of \$3,749,310, a decrease of (\$451,631) in comparison with the prior fiscal year. A portion of the fund balance is restricted for debt service, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows and liabilities and deferred inflows with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance functions.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered major funds.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets plus deferred inflows of resources exceeded liabilities at the close of the most recent fiscal year.

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

	NET POSITION	
	SEPTEMBER 30,	
	2018	2017
Current and other assets	\$ 3,749,784	\$ 4,375,467
Capital assets, net of depreciation	35,615,061	36,062,563
Total assets	39,364,845	40,438,030
Deferred amount on refunding	183,875	197,495
Current liabilities	515,057	755,510
Long-term liabilities	25,325,000	28,160,224
Total liabilities	25,840,057	28,915,734
Net Position		
Net investment in capital assets	10,473,936	8,099,834
Restricted	3,043,222	3,196,847
Unrestricted	191,505	423,110
Total net position	\$ 13,708,663	\$ 11,719,791

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

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

CHANGES IN NET POSITION		
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2018	2017
Revenues:		
Program revenues		
Charges for services	\$ 5,306,860	\$ 5,299,368
Operating grants and contributions	18,782	-
General revenues	288	385
Total revenues	<u>5,325,930</u>	<u>5,299,753</u>
Expenses:		
General government	139,610	166,580
Maintenance and operations	1,885,709	1,639,833
Interest	1,311,739	1,445,378
Total expenses	<u>3,337,058</u>	<u>3,251,791</u>
Change in net position	<u>1,988,872</u>	<u>2,047,962</u>
Net position - beginning	11,719,791	9,671,829
Net position - ending	<u>\$ 13,708,663</u>	<u>\$ 11,719,791</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2018 was \$3,337,058. The costs of the District's activities were primarily funded by program revenues. Program revenues, comprised primarily of assessments, increased slightly during the fiscal year as a result of an increase in prepayment revenue. In total, expenses, including depreciation, increased from the prior fiscal year, the majority of the increase is associated with increased lake maintenance and clean-up from Hurricane Irma.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2018 was amended to increase appropriations by \$375,599.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2018, the District had \$44,115,413 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$8,500,352 has been taken, which resulted in a net book value of \$35,615,061. More detailed information about the District's capital assets is presented in the notes of the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Debt

At September 30, 2018, the District had \$25,325,000 in Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Miromar Lakes Community Development District at the office of the District Manager, James P. Ward at 2900 Northeast 12th Terrace, Suite 1, Oakland Park, Florida 33334, (954) 658-4900.

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 191,206
Assessments receivable	1,752
Restricted assets:	
Investments	3,556,826
Capital assets:	
Nondepreciable	30,196,507
Depreciable, net	5,418,554
Total assets	39,364,845
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	183,875
Total deferred outflows of resources	183,875
 LIABILITIES	
Accounts payable	474
Accrued interest payable	514,583
Non-current liabilities:	
Due within one year	1,110,000
Due in more than one year	24,215,000
Total liabilities	25,840,057
 NET POSITION	
Net investment in capital assets	10,473,936
Restricted for debt service	3,043,222
Unrestricted	191,505
Total net position	\$ 13,708,663

See notes to the financial statements

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

<u>Functions/Programs</u>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 139,610	\$ 1,345,924	\$ -	\$ 1,206,314
Maintenance and operations	1,885,709	-	-	(1,885,709)
Interest on long-term debt	1,311,739	3,960,936	18,782	2,667,979
Total governmental activities	3,337,058	5,306,860	18,782	1,988,584
		General revenues:		
			Investment earnings	288
			Total general revenues	288
			Change in net position	1,988,872
			Net position - beginning	11,719,791
			Net position - ending	\$ 13,708,663

See notes to the financial statements

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Major Funds		Total Governmental Funds
	General	Debt Service	
ASSETS			
Cash and cash equivalents	\$ 191,206	\$ -	\$ 191,206
Investments	-	3,556,826	3,556,826
Assessments receivable	1,752	-	1,752
Due from other funds	-	979	979
Total assets	<u>\$ 192,958</u>	<u>\$ 3,557,805</u>	<u>\$ 3,750,763</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 474	\$ -	\$ 474
Due to other funds	979	-	979
Total liabilities	<u>1,453</u>	<u>-</u>	<u>1,453</u>
Fund balances:			
Restricted for:			
Debt service	-	3,557,805	3,557,805
Unassigned	191,505	-	191,505
Total fund balances	<u>191,505</u>	<u>3,557,805</u>	<u>3,749,310</u>
Total liabilities and fund balances	<u>\$ 192,958</u>	<u>\$ 3,557,805</u>	<u>\$ 3,750,763</u>

See notes to the financial statements

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Fund balance - governmental funds \$ 3,749,310

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	44,115,413	
Accumulated depreciation	<u>(8,500,352)</u>	35,615,061

Deferred amount on refunding of debt are not reported as assets in the governmental funds. The statements of net position includes these costs, net of amortization. 183,875

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(514,583)	
Bonds payable	<u>(25,325,000)</u>	<u>(25,839,583)</u>
Net position of governmental activities		<u><u>\$ 13,708,663</u></u>

See notes to the financial statements

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Major Funds		Total Governmental Funds
	General	Debt Service	
REVENUES			
Special assessments	\$ 1,345,924	\$ 3,960,936	\$ 5,306,860
Interest earnings	288	18,782	19,070
Total revenues	1,346,212	3,979,718	5,325,930
EXPENDITURES			
Current:			
General government	139,610	-	139,610
Maintenance and operations	1,438,207	-	1,438,207
Debt service:			
Principal	-	2,835,000	2,835,000
Interest	-	1,364,744	1,364,744
Total expenditures	1,577,817	4,199,744	5,777,561
Excess (deficiency) of revenues over (under) expenditures	(231,605)	(220,026)	(451,631)
Fund balances - beginning	423,110	3,777,831	4,200,941
Fund balances - ending	\$ 191,505	\$ 3,557,805	\$ 3,749,310

See notes to the financial statements

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Net change in fund balances - total governmental funds \$ (451,631)

Amounts reported for governmental activities in the statement of activities are different because:

Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities. 2,835,000

Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities. (447,502)

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:

Amortization of deferred amount on refunding (13,620)
Amortization of original issue discount/premium 224

The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities, but not in the governmental fund financial statements. 66,401

Change in net position of governmental activities \$ 1,988,872

See notes to the financial statements

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF ORGANIZATION AND REPORTING ENTITY

Miromar Lakes Community Development District (the "District") was created on September 21, 2000 by Ordinance 2000-17 of Lee County, Florida pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by the owners of the property 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 responsibility for:

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

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Assessments

The District's Assessments are included on the property tax bill that all landowner's receive. The Florida Statutes provide that special assessments may be collected by using the Uniform Method. Under the Uniform Method, the District's Assessments will be collected together with County and other taxes. These Assessments will appear on a single tax bill issued to each landowner subject to such. The statutes relating to enforcement of County taxes provide that County taxes become due and payable on November 1 of the year when assessed or soon thereafter as the certified tax roll is received by the Tax Collector and constitute a lien upon the land from January 1 of such year until paid or barred by operation of law. Such taxes (together with any assessments, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the District's Assessments. Upon any receipt of moneys by the Tax Collector from the Assessments, such moneys will be delivered to the District.

All city, county, school and special district ad valorem taxes, non-ad valorem special assessments and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the District Assessments, that are collected by the Uniform Method are payable at one time. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full and such partial payment is not to be accepted and is to be returned to the taxpayer, provided, however that a taxpayer may contest a tax assessment pursuant to certain conditions in Florida Statutes and other applicable law.

Under the Uniform Method, if the Assessments are paid during November when due or at any time within thirty (30) days after the mailing of the original tax notice or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. March payments are without discount. Pursuant to Section 197.222, Florida Statutes, taxpayers may elect to pay estimated taxes, which may include non-ad valorem special assessments such as the District's Assessments in quarterly installments with a variable discount equal to 6% on June 30 decreasing to 3% on December 31, with no discount on March 31. All unpaid taxes and assessments become delinquent on April 1 of the year following assessment, and the Tax Collector is required to collect taxes prior to April 1 and after that date to institute statutory procedures upon delinquency to collect assessed taxes. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Certain taxpayers that are entitled to claim homestead tax exemption under Section 196.031(1), Florida Statutes may defer payment of a portion of the taxes and non-ad valorem assessments and interest accumulated on a tax certificate, which may include non-ad valorem special assessments. Deferred taxes and assessments bear interest at a variable rate not to exceed 7%. The amount that may be deferred varies based on whether the applicant is younger than age 65 or is 65 years old or older; provided that applicants with a household income for the previous calendar year of less than \$10,000 or applicants with less than the designated amount for the additional homestead exemption under Section 196.075, Florida Statutes that are 65 years old or older may defer taxes and assessments in their entirety.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Assessments (Continued)

Collection of Delinquent Assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for payment of the Assessments due.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

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 government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	10 - 30
Improvements Other Than Buildings	10

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Unearned Revenue

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

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

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

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the District reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Refundings of Debt

For current refundings and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized ratably as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In connection with the refunding, \$13,620 was recognized as a component of interest expense in the current fiscal year.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 - BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

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

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) A public hearing is conducted to obtain public comments.
- 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) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriations for annually budgeted funds lapse at the end of the year.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District's investments were held as follows at September 30, 2018:

	Amortized cost	Credit Risk	Maturities
First American Government Obligation Fund Y	\$ 2,569,004	AAAm	26 Days
FNMA Fannie Mae	987,822	AA+	April 5, 2022
	<u>\$ 3,556,826</u>		

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk.

The U.S. Treasury investment is held by the trustee or agent but not in the District's name.

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 30,196,507	\$ -	\$ -	\$ 30,196,507
Total capital assets, not being depreciated	30,196,507	-	-	30,196,507
Capital assets, being depreciated				
Infrastructure	11,841,145	-	-	11,841,145
Improvements other than buildings	2,077,761	-	-	2,077,761
Total capital assets, being depreciated	13,918,906	-	-	13,918,906
Less accumulated depreciation for:				
Infrastructure	5,976,600	445,991		6,422,591
Improvements other than buildings	2,076,250	1,511	-	2,077,761
Total accumulated depreciation	8,052,850	447,502	-	8,500,352
Total capital assets, being depreciated, net	5,866,056	(447,502)	-	5,418,554
Governmental activities capital assets, net	\$ 36,062,563	\$ (447,502)	\$ -	\$ 35,615,061

Depreciation was charged to the maintenance and operations function.

NOTE 6 - LONG TERM LIABILITIES

Series 2012

On August 28, 2012, the District issued \$12,345,000 of Capital Improvement Revenue Refunding Bonds, Series 2012 consisting of two different terms, \$4,630,000 and \$7,715,000 which bear interest at 4.875% and 5.375%, and mature in May 2022 and May 2032, respectively. The Bonds were issued to refund District's outstanding Capital Improvement Revenue Bonds, Series 2000A (the "Refunded Bonds"), pay certain costs associated with the issuance of the Bonds, and make a deposit into the Series 2012 Reserve Account. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2013 through May 1, 2032.

NOTE 6 - LONG TERM LIABILITIES (Continued)

Series 2012 (Continued)

The Series 2012 Bonds are subject to redemption at the option of the District prior to maturity. The Series 2012 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. During the current fiscal year the District prepaid \$130,000 of the Bonds.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2018.

Series 2015

On February 10, 2015, the District issued \$19,165,000 of Capital Improvement Revenue Refunding Bonds, Series 2015 consisting of three different terms, \$3,265,000, \$6,995,000, and \$8,905,000 which bear interest at 3.5%, 5%, and 5% and mature in May 2020, May 2028, and May 2035, respectively. The Bonds were issued to refund the District's outstanding Capital Improvement Revenue Bonds, Series 2003A (the "Refunded Bonds"), pay certain costs associated with the issuance of the Bonds, and make a deposit into the Series 2015 Reserve Account. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2016 through May 1, 2035.

The Series 2015 Bonds are subject to redemption at the option of the District prior to maturity. The Series 2015 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. During the current fiscal year the District prepaid \$1,635,000 of the Bonds.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2018.

Long-term Debt Activity

Changes in long-term liability activity for the fiscal year ended September 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2012	\$ 10,235,000	\$ -	\$ 595,000	\$ 9,640,000	\$ 490,000
Series 2015	17,925,000	-	2,240,000	15,685,000	620,000
Plus: original issue premium	224	-	224	-	-
Total	<u>\$ 28,160,224</u>	<u>\$ -</u>	<u>\$ 2,835,224</u>	<u>\$ 25,325,000</u>	<u>\$ 1,110,000</u>

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

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2019	\$ 1,110,000	\$ 1,234,106	\$ 2,344,106
2020	1,165,000	1,206,913	2,371,913
2021	1,210,000	1,160,344	2,370,344
2022	1,265,000	1,101,981	2,366,981
2023	1,330,000	1,040,900	2,370,900
2024-2028	7,780,000	4,126,988	11,906,988
2029-2033	8,885,000	1,954,188	10,839,188
2034-2035	2,580,000	195,000	2,775,000
	<u>\$ 25,325,000</u>	<u>\$ 12,020,420</u>	<u>\$ 37,345,420</u>

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years.

NOTE 8 – DEVELOPER TRANSACTIONS & CONCENTRATION

Governmental Funds

For the current fiscal year, Developer assessment revenues in the general and debt service funds were \$415,131 and \$1,153,248, respectively.

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

NOTE 9 – 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 of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to fiscal year end, the District prepaid a total of \$410,000 of the Series 2012 Bonds and \$1,310,000 of the Series 2015 Bonds. The prepayments were considered extraordinary mandatory redemptions as outlined in the Bond Indenture.

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 1,402,329	\$ 1,402,329	\$ 1,345,924	\$ (56,405)
Interest earnings	300	300	288	(12)
Total revenues	1,402,629	1,402,629	1,346,212	(56,417)
EXPENDITURES				
Current:				
General government	182,993	182,993	139,610	43,383
Maintenance and operations	1,219,636	1,595,235	1,438,207	157,028
Total expenditures	1,402,629	1,778,228	1,577,817	200,411
Excess (deficiency) of revenues over (under) expenditures	-	(375,599)	(231,605)	143,994
OTHER FINANCING SOURCES				
Carry forward	-	375,599	-	(375,599)
Total other financing sources	-	375,599	-	(375,599)
Net change in fund balances	\$ -	\$ -	(231,605)	\$ (231,605)
Fund balance - beginning			423,110	
Fund balance - ending			\$ 191,505	

See notes to required supplementary information

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2018 was amended to increase appropriations by \$375,599.



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

To the Board of Supervisors
Miromar Lakes Community Development District
Lee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Miromar Lakes Community Development District, Lee County, Florida ("District") as of and for the fiscal 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 opinion thereon dated November 29, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

Bhav & Associates

November 29, 2018



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Miromar Lakes Community Development District
Lee County, Florida

We have examined Miromar Lakes Community Development District, Lee County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2018. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Miromar Lakes Community Development District, Lee County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

November 29, 2018



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
Miromar Lakes Community Development District
Lee County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Miromar Lakes Community Development District, Lee County, Florida ("District") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated November 29, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated November 29, 2018, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Supervisors of Miromar Lakes Community Development District, Lee County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Miromar Lakes Community Development District, Lee County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

November 29, 2018

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2017.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2018.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2018.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2018. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.