

LAKEs OF SARASOTA

**COMMUNITY DEVELOPMENT
DISTRICT 2**

BOARD OF SUPERVISORS

July 10, 2024

**REGULAR MEETING
AGENDA**

LAKEs OF SARASOTA

COMMUNITY DEVELOPMENT DISTRICT 2

AGENDA

LETTER

Lakes of Sarasota Community Development District 2

OFFICE OF THE DISTRICT MANAGER

2300 Glades Road, Suite 410W • Boca Raton, Florida 33431

Phone: (561) 571-0010 • Toll-free: (877) 276-0889 • Fax: (561) 571-0013

July 3, 2024

ATTENDEES:

Please identify yourself each time you speak to facilitate accurate transcription of meeting minutes.

Board of Supervisors

Lakes of Sarasota Community Development District 2

Dear Board Members:

The Board of Supervisors of the Lakes of Sarasota Community Development District 2 will hold a Regular Meeting on July 10, 2024 at 11:00 a.m., at 5800 Lakewood Ranch Blvd., Sarasota, Florida 34240. The agenda is as follows:

1. Call to Order/Roll Call
2. Public Comments
3. Presentation of Audited Annual Financial Report for the Fiscal Year Ended September 30, 2023, Prepared by Grau & Associates
4. Consideration of Resolution 2024-05, Hereby Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2023
5. Discussion/Consideration: Merger with Three Rivers Stewardship District
 - A. Written Consent for Merger
 - B. Resolution 2024-06, Approving a Merger Agreement with the Three Rivers Stewardship District; Authorizing Such Actions as are Necessary in Furtherance of the Merger Process; Setting a Public Hearing; Limiting the Effective Date of Anticipated Merger; and Providing Severability and an Effective Date
 - Proposed Merger Agreement
6. Acceptance of Unaudited Financial Statements as of May 31, 2024
7. Approval of June 12, 2024 Regular Meeting Minutes
8. Staff Reports
 - A. District Counsel: *Vogler Ashton, PLLC*
 - B. District Engineer: *AM Engineering, LLC*
 - C. District Manager: *Wrathell, Hunt and Associates, LLC*

- NEXT MEETING DATE: August 14, 2024 at 11:00 AM [Adoption of FY2025 Budget]

- QUORUM CHECK

SEAT 1	PETE WILLIAMS	☐ IN PERSON	☐ PHONE	☐ NO
SEAT 2	KRIS WATTS	☐ IN PERSON	☐ PHONE	☐ NO
SEAT 3	DALE WEIDEMILLER	☐ IN PERSON	☐ PHONE	☐ NO
SEAT 4	JOHN BLAKLEY	☐ IN PERSON	☐ PHONE	☐ NO
SEAT 5	PRISCILLA HEIM	☐ IN PERSON	☐ PHONE	☐ NO

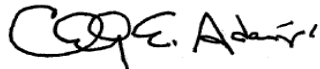
9. Board Members' Comments/Requests

10. Public Comments

11. Adjournment

If you should have any questions or concerns, please do not hesitate to contact me directly at (239) 464-7114.

Sincerely,



Chesley E Adams, Jr.
District Manager

FOR BOARD MEMBERS AND STAFF TO ATTEND BY TELEPHONE

CALL-IN NUMBER: 1-888-354-0094

PARTICIPANT PASSCODE: 229 774 8903

LAKES OF SARASOTA

COMMUNITY DEVELOPMENT DISTRICT 2

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**LAKES OF SARASOTA
COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

**LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA**

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Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Lakes of Sarasota Community Development District 2
Sarasota County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lakes of Sarasota Community Development District 2, Sarasota County, Florida ("District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


B. J. & Associates

June 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Lakes of Sarasota Community Development District 2, Sarasota County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

The District was established pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes and created by Ordinance No. 2021-116 of Sarasota County, Florida effective on February 23, 2022 and no audit was required for the prior period. As a result, the balances as of and for the period ended September 30, 2022, are for less than a twelve-month period and are unaudited.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net position deficit balance of (\$42,983).
- The change in the District's total net position in comparison with the prior fiscal year was (\$38,444), a decrease. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section
- At September 30, 2023, the District's governmental funds reported combined ending fund balances of (\$112,102), a decrease of (\$107,563) in comparison with the prior fiscal year. The total fund balance is non-spendable for prepaid items, and the remainder is deficit fund balance.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements include all governmental activities that are principally supported by Developer contributions. The District does not have any business-type activities. The governmental activities of the District include the general government 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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund 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, liabilities exceeded assets 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,		
	2023	2022
		(Unaudited)
Current and other assets	\$ 82,279	\$ 16,621
Capital assets, net of depreciation	69,119	-
Total assets	151,398	16,621
Current liabilities	194,381	21,160
Total liabilities	194,381	21,160
Net position		
Unrestricted	(42,983)	(4,539)
Total net position	\$ (42,983)	\$ (4,539)

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 District's net position decreased during the most recent fiscal year. The majority of the decrease represents the extent to which the cost of operations exceeded ongoing program revenues.

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

CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2023	2022* (Unaudited)
Revenues:		
Program revenues		
Operating grants and contributions	\$ 52,301	\$ 30,725
Total revenues	52,301	30,725
Expenses:		
General government	51,013	32,013
Bond issue costs	39,732	3,251
Total expenses	90,745	35,264
Change in net position	(38,444)	(4,539)
Net position - beginning	(4,539)	-
Net position - ending	\$ (42,983)	\$ (4,539)

*For the period from inception February 23, 2022 to September 30, 2022

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2023, was \$90,745. The costs of the District's activities were primarily funded by program revenues. Program revenues of the district are comprised primarily of Developer contributions for the current and prior fiscal years. Expenses increased primarily due to an increase in general government expense and bond issuance cost.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2023.

CAPITAL ASSETS

At September 30, 2023, the District had \$69,119 invested in capital assets for its governmental activities. No depreciation has been taken in the current fiscal year as the District's infrastructure and other capital assets are under construction. More detailed information about the District's capital assets is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

For the subsequent fiscal year, the District anticipates that the cost of general operations will increase as the District is built out.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact the Lakes of Sarasota Community Development District 2's Finance Department at 2300 Glades Road, Suite 410W, Boca Raton, FL 33431.

LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities
ASSETS	
Cash	\$ 2,430
Prepaid items	5,200
Due from Developer	11,996
Restricted assets:	
Due from Developer	62,653
Capital assets:	
Nondepreciable	69,119
Total assets	<u>151,398</u>
LIABILITIES	
Accounts payable	70,864
Due to Developer	105,636
Developer advance	6,000
Unearned revenue	5,415
Contracts and retainage payable	6,466
Total liabilities	<u>194,381</u>
NET POSITION	
Unrestricted	<u>(42,983)</u>
Total net position	<u>\$ (42,983)</u>

See notes to the financial statements

**LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
			<u>Governmental Activities</u>
Primary government:			
Governmental activities:			
General government	\$ 51,013	\$ 52,301	\$ 1,288
Bond issue costs	39,732	-	(39,732)
Total governmental activities	90,745	52,301	(38,444)
			Change in net position (38,444)
			Net position - beginning (4,539)
			Net position - ending <u>\$ (42,983)</u>

See notes to the financial statements

LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Major Funds			Total
	General	Debt Service	Capital Projects	Governmental Funds
ASSETS				
Cash	\$ 2,430	\$ -	\$ -	\$ 2,430
Due from Developer	11,996	-	62,653	74,649
Prepaid items	5,200	-	-	5,200
Total assets	<u>\$ 19,626</u>	<u>\$ -</u>	<u>\$ 62,653</u>	<u>\$ 82,279</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 8,211	\$ -	\$ 62,653	\$ 70,864
Contracts and retainage payable	-	-	6,466	6,466
Due to Developer	-	42,983	62,653	105,636
Developer advance	6,000	-	-	6,000
Unearned revenue	5,415	-	-	5,415
Total liabilities	<u>19,626</u>	<u>42,983</u>	<u>131,772</u>	<u>194,381</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	5,200	-	-	5,200
Unassigned	(5,200)	(42,983)	(69,119)	(117,302)
Total fund balances	<u>-</u>	<u>(42,983)</u>	<u>(69,119)</u>	<u>(112,102)</u>

See notes to the financial statements

**LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Fund balance - governmental funds	\$	(112,102)
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets	69,119	
Accumulated depreciation	-	69,119

Net position of governmental activities	\$	(42,983)
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See notes to the financial statements

LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Major Funds			Total
	General	Debt Service	Capital Projects	Governmental Funds
REVENUES				
Developer contributions	\$ 52,301	\$ -	\$ -	\$ 52,301
Total revenues	52,301	-	-	52,301
EXPENDITURES				
Current:				
General government	51,013	-	-	51,013
Bond issuance costs	-	39,732	-	39,732
Capital outlay	-	-	69,119	69,119
Total expenditures	51,013	39,732	69,119	159,864
Excess (deficiency) of revenues over (under) expenditures	1,288	(39,732)	(69,119)	(107,563)
Fund balances - beginning	(1,288)	(3,251)	-	(4,539)
Fund balances - ending	\$ -	\$ (42,983)	\$ (69,119)	\$ (112,102)

See notes to the financial statements

**LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds	\$ (107,563)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	<u>69,119</u>
Change in net position of governmental activities	<u>\$ (38,444)</u>

See notes to the financial statements

LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Lakes of Sarasota Community Development District 2, Sarasota County, ("District") was created by Ordinance No. 2021-116 of Sarasota County, Florida effective on February 23, 2022, and established 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 on an at large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre. The Board exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. All of the Board members are affiliated with Neal Signature Homes, LLC, (the "Developer").

The Board has the responsibility for:

1. Assessing 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 Board of Supervisors 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

Assessments are non-ad valorem assessments on certain land and all platted lots within the District. Assessments are levied each November 1 on property of record as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Capital Projects Fund

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

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Inter-local 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, unspent Bond proceeds are required to be held in investments as specified in the Bond Indentures.

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.

Prepaid Items

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

Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. No depreciation has been taken in the current fiscal year as the District's infrastructure and other capital assets are under construction.

Unearned Revenue

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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 over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are reported as an expense in the year incurred.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Equity/Net Position

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

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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) Public hearings are 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 appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Infrastructure under construction	\$ -	\$ 69,119	\$ -	\$ 69,119
Total capital assets, not being depreciated	-	69,119	-	69,119
 Governmental activities capital assets, net	 \$ -	 \$ 69,119	 \$ -	 \$ 69,119

The infrastructure intended to serve the District has been estimated at a total cost of approximately \$67,275,000. The infrastructure intended to serve the District will be built out in phases. A portion of the project's costs are expected to be financed with the proceeds from the issuance of Bonds with the remainder to be funded by the Developer and conveyed to the District. Upon completion, certain improvements will be conveyed to others for ownership and maintenance responsibilities.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

As of September 30, 2023, the District had open contracts for various construction projects. The contracts totaled approximately \$11.6 million, of which approximately \$11.5 million was uncompleted at September 30, 2023.

NOTE 6 – DEVELOPER TRANSACTIONS

The Developer has agreed to fund the general operations of the District. In connection with that agreement, Developer contributions to the general fund were \$52,301, which includes a receivable of \$11,996 as of September 30, 2023.

In addition, the Developer has agreed to provide advance funding to the District for certain bond validation and construction expenditures. Such amounts are expected to be repaid with proceeds from the issuance of Bonds in a subsequent year. The District has recognized Developer advances to the debt service fund and capital projects fund of \$42,983 and \$62,653, respectively, as of September 30, 2023.

NOTE 7 – CONCENTRATION

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 8 – MANAGEMENT AGREEMENTS

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

NOTE 9 – 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.

NOTE 10 – DEFICIT FUND EQUITY

The debt service fund and capital projects fund had a deficit fund balance of (\$42,983) and (\$69,119), respectively, at September 30, 2023. The deficit is expected to be funded via the issuance of Bonds in a subsequent year.

**LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts <u>Original & Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Developer Contribution	\$ 111,490	\$ 52,301	\$ (59,189)
Total revenues	<u>111,490</u>	<u>52,301</u>	<u>(59,189)</u>
EXPENDITURES			
Current:			
General government	111,490	51,013	60,477
Total expenditures	<u>111,490</u>	<u>51,013</u>	<u>60,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	1,288	<u>\$ 1,288</u>
Fund balance - beginning		<u>(1,288)</u>	
Fund balance - ending		<u>\$ -</u>	

See notes to required supplementary information

LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed for fiscal year ended September 30, 2023.

LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2
SARASOTA COUNTY, FLORIDA
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
UNAUDITED

<u>Element</u>	<u>Comments</u>
Number of District employees compensated in the last pay period of the District's fiscal year being reported.	0
Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported.	2
Employee compensation	0
Independent contractor compensation	\$70,575.34
Construction projects to begin on or after October 1; (>\$65K)	None
Budget variance report	See the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Ad Valorem taxes;	Not applicable
Non ad valorem special assessments;	
Special assessment rate	Operations and maintenance - N/A Debt service - N/A
Special assessments collected	Not applicable
Outstanding Bonds:	Not applicable



**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
Lakes of Sarasota Community Development District 2
Sarasota County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Lakes of Sarasota Community Development District 2, Sarasota County, Florida ("District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated June 20, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bhav & Associates

June 20, 2024



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road ▪ Suite 280
Boca Raton, Florida 33431
(561) 994-9299 ▪ (800) 299-4728
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www.graucpa.com

**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
Lakes of Sarasota Community Development District 2
Sarasota County, Florida

We have examined Lakes of Sarasota Community Development District 2, Sarasota County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2023. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2023.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Lakes of Sarasota Community Development District 2, Sarasota County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

June 20, 2024



Grau & Associates

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

To the Board of Supervisors
Lakes of Sarasota Community Development District 2
Sarasota County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Lakes of Sarasota Community Development District 2, Sarasota County, Florida ("District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 20, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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 June 20, 2024, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of 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 Lakes of Sarasota Community Development District 2, Sarasota County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Lakes of Sarasota Community Development District 2, Sarasota 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

June 20, 2024

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Not applicable. First year audit

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.

Not applicable. First year audit.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2023.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2023.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures, and no deteriorating financial conditions were noted as of September 30, 2023. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 21.

LAKES OF SARASOTA

COMMUNITY DEVELOPMENT DISTRICT 2

4

RESOLUTION 2024-05

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE LAKES OF
SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2 HEREBY
ACCEPTING THE AUDITED FINANCIAL REPORT FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2023**

WHEREAS, the District's Grau & Associates, has heretofore prepared and submitted to the Board, for accepting, the District's Audited Basic Financial Statements for Fiscal Year 2023;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS
OF THE LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT
2;**

1. The Audited Basic Financial Statements for Fiscal Year 2023, heretofore submitted to the Board, is hereby accepted for Fiscal Year 2023, for the period ending September 30, 2023; and

2. A verified copy of said Audited Basic Financial Statements for Fiscal Year 2023 shall be attached hereto as an exhibit to this Resolution, in the District's "Official Record of Proceedings".

PASSED AND ADOPTED this 10th day of July, 2024.

ATTEST:

**LAKES OF SARASOTA COMMUNITY
DEVELOPMENT DISTRICT 2**

Secretary/Assistant Secretary

Chair/Vice Chair, Board of Supervisors

LAKES OF SARASOTA

COMMUNITY DEVELOPMENT DISTRICT 2

5A

Lakes of Sarasota Community Development District 2

OFFICE OF THE DISTRICT MANAGER

2300 Glades Road, Suite 410W • Boca Raton, Florida 33431

Phone: (561) 571-0010 • Toll-free: (877) 276-0889 • Fax: (561) 571-0013

July 10, 2024

Pete Williams, Chairman
Board of Supervisors of the
Three Rivers Stewardship District
2300 Glades Road, Suite 410W
Boca Raton, Florida 33431

Re: Lakes of Sarasota Community Development District 2

Dear Mr. Williams,

As District Manager of the Lakes of Sarasota Community Development District 2, please let this letter serve as the District's written request for merger, pursuant to Chapter 2023-337(6)(27), Laws of Florida.

Please contact me should have any questions or comments.

Sincerely,

Chesley E. Adams, Jr.
District Manager

cc: Sarasota County

LAKEs OF SARASOTA

COMMUNITY DEVELOPMENT DISTRICT 2

5B

RESOLUTION 2024-06

A RESOLUTION OF THE LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2 APPROVING A MERGER AGREEMENT WITH THE THREE RIVERS STEWARDSHIP DISTRICT; AUTHORIZING SUCH ACTIONS AS ARE NECESSARY IN FURTHERANCE OF THE MERGER PROCESS; SETTING A PUBLIC HEARING; LIMITING THE EFFECTIVE DATE OF ANTICIPATED MERGER; AND PROVIDING SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, Lakes of Sarasota Community Development District 2 (“CDD”) is a local unit of special-purpose government pursuant to Chapter 190, Florida Statutes, and established by Sarasota County, Florida (“County”) pursuant to Ordinance No. 2021-116 (“Ordinance”), for the purpose of planning, financing, constructing, operating, and/or maintaining public infrastructure improvements; and

WHEREAS, Three Rivers Stewardship District (“Stewardship District” together with the CDD, the “Districts”) is a local unit of special-purpose government established by the Florida Legislature pursuant to Chapter 2023-337, Laws of Florida, as amended, (“Act”), for the purpose of planning, financing, constructing, operating, and/or maintaining public infrastructure improvements; and

WHEREAS, the Board of Supervisors of the CDD has determined that a merger with the Stewardship District is in the best interests of the Districts because, among other reasons, the merger would:

- (a) Eliminate redundant overhead costs and other expenses;
- (b) Promote greater efficiency in the Districts’ maintenance and operation of existing projects benefitting both Districts; and
- (c) Better achieve the original public infrastructure delivery and maintenance plans for the Districts; and
- (d) Provide greater access to recreational improvements.

WHEREAS, pursuant to Section 190.046, Florida Statutes, and the Act, an agreement has been prepared in the form attached hereto as **Exhibit A** (“Merger Agreement”), which Agreement sets forth the terms for effecting the merger including, among other things, making provision for the filing of the merger request, for the proper allocation of the indebtedness so assumed, and for the manner in which said debt shall be retired; and

WHEREAS, Section 190.046(3) of the Florida Statutes authorizes the merger of community development districts as follows, with emphasis added:

A community development district may also merge with another type of special district created by special act pursuant to the terms of that

special act. . . . The government formed by a merger involving a community development district pursuant to this section shall assume all indebtedness of, and receive title to, all property owned by the preexisting special districts. . . . the districts desiring to merge shall enter into a merger agreement and shall provide for the proper allocation of the indebtedness so assumed and the manner in which such debt shall be retired. The approval of the merger agreement and the petition by the board of supervisors of the district shall constitute consent of the landowners within the district. A community development district merging with another type of district may also enter into a merger agreement to address issues of transition, including the allocation of indebtedness and retirement of debt.; and

WHEREAS, Section (6)(27) of the Act also authorizes the merger of a community development district with the Stewardship District as follows, with emphasis added:

The district may merge with one or more community development districts situated wholly within its boundaries. The district shall be the surviving entity of the merger. Any mergers shall commence upon each such community development district filing a written request for merger with the district. A copy of the written request shall also be filed with Sarasota County. The district, subject to the direction of its board of supervisors, shall enter into a merger agreement which shall provide for the proper allocation of debt, the manner in which such debt shall be retired, the transition of the community development district board, and the transfer of all financial obligations and operating and maintenance responsibilities to the district. The execution of the merger agreement by the district and each community development district constitutes consent of the landowners within each district.

WHEREAS, the Merger Agreement provides that, as the surviving district, Stewardship District will assume all indebtedness of, and receive title to, all property owned by the CDD; and

WHEREAS, the Merger Agreement provides that all existing bond indebtedness continue to be secured by, and allocated in the same manner as, the existing debt assessment liens; and

WHEREAS, the Merger Agreement provides that the Merger will not adversely affect the rights of creditors of the Districts or other parties with whom any of the Districts have entered into a contractual relationship; and

WHEREAS, as with the existing Districts, the area of land within the surviving district will continue to be of sufficient size, sufficiently compact, and sufficiently contiguous to be developable as one functionally related community; and

WHEREAS, as with the existing Districts, the surviving district is the best alternative available for delivering community development services and facilities; and

WHEREAS, as with the existing Districts, the area of land that will lie in the boundaries of the surviving district is amenable to separate special district government; and

WHEREAS, in order to seek the merger pursuant to Chapter 190, Florida Statutes, and the Act, the CDD must authorize its staff, including but not limited to legal, engineering, and managerial staff, to provide such services as are necessary throughout the pendency of the merger process; and

WHEREAS, the retention of any necessary consultants and the work to be performed by the CDD staff may require the expenditure of certain fees, costs, and other expenses as authorized by the CDD Board of Supervisors; and

WHEREAS, the CDD desires to approve the Merger Agreement and hereby authorizes CDD staff to effect the merger consistent with the Merger Agreement and the procedures and processes described in Chapter 190, Florida Statutes, and Chapter 2023-337, Laws of Florida, which processes include the preparation of a written request by the CDD, setting the public hearing thereon, and such other actions as are necessary in furtherance of the merger process.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2:

1. **Recitals.** The recitals as stated above are true and correct and by this reference are incorporated into and form a material part of this Resolution.

2. **Approval of Merger Agreement.** The Board hereby approves for execution the Merger Agreement in the form attached hereto as **Exhibit A**.

3. **Authorization for Merger.** The Board hereby directs the Chairman, Vice Chairman, and all other officers of the CDD, and CDD Staff, to proceed as necessary in the preparation and filing of a request and related materials to seek the merger of the CDD and Stewardship District consistent with the terms of the Merger Agreement, Chapter 190, Florida Statutes, and Chapter 2023-337, Laws of Florida, and further authorizes the prosecution of the procedural requirements detailed in Chapter 2023-337, Laws of Florida, for the merger.

4. **Setting the Public Hearing on Merger.** A public hearing will be held to provide information and take public comment on the proposed merger and Merger Agreement on _____, 2024 at _____ .m. at _____. Notice shall be published in accordance with the provisions of Chapter 2023-337(6)(27), Laws of Florida.

5. **Effective Date of Merger.** Pursuant to the Merger Agreement, the effective date of the merger shall be upon dissolution of the CDD by Sarasota County.

6. **Severability.** If any section or part of a section of this Resolution be declared invalid or unconstitutional, the validity, force and effect of any other section or part of a section of this Resolution shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section of this Resolution is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unconstitutional.

7. **Effective Date.** This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED THIS 10th DAY OF JULY, 2024

ATTEST:

**LAKES OF SARASOTA COMMUNITY DEVELOPMENT
DISTRICT 2**

Secretary/Assistant Secretary

Chair/Vice Chair, Board of Supervisors

Exhibit A: Proposed Merger Agreement

Exhibit A: Proposed Merger Agreement

This instrument was prepared by:

Jonathan T. Johnson
Kutak Rock LLP
107 West College Avenue
Tallahassee, Florida 32301

**MERGER AGREEMENT BY AND BETWEEN
LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2 AND THREE RIVERS
STEWARDSHIP DISTRICT**

This Merger Agreement (the “Agreement”) is made and entered into by and between the following:

Lakes of Sarasota Community Development District 2, a local unit of special-purpose government established pursuant to Chapter 190, *Florida Statutes*, and located in Sarasota County, Florida, with an address of 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431 (hereinafter “CDD,”); and

Three Rivers Stewardship District, a local unit of special-purpose government established pursuant to Chapter 2023-337, *Laws of Florida*, as amended, and located in Sarasota County, Florida, with an address of 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431 (hereinafter “Stewardship District” and together with the CDD, the “Districts”).

Recitals

WHEREAS, the CDD was established as of February 23, 2022, by Ordinance No. 2021-116 adopted by the Board of County Commissioners of Sarasota County, Florida for the purposes of planning, financing, constructing, operating and/or maintaining public infrastructure improvements; and

WHEREAS, the Stewardship District was established as of July 1, 2023, by Chapter 2023-337, Laws of Florida, and amended by Chapter 2024-291, Laws of Florida, on June 14, 2024, for the purposes of planning, financing, constructing, operating and/or maintaining public infrastructure improvements; and

WHEREAS, the CDD is currently located within the boundaries of the Stewardship District and located within Sarasota County, Florida; and

WHEREAS, Section 190.046(3), *Florida Statutes*, authorizes the merger of community development districts and other types of special districts, and;

WHEREAS, Chapter 2023-337(6)(27), *Laws of Florida*, authorizes the merger of one or more community development districts situated wholly within the boundaries of the Stewardship District and provides that, the districts desiring to merge enter into a merger agreement which provides for the proper allocation of the indebtedness assumed by the merged district and the manner in which such debt shall be retired; and

WHEREAS, Section 190.046(3), *Florida Statutes*, and Chapter 2023-337(6)(27), *Laws of Florida*, provide that the approval and execution of the merger agreement by the board of supervisors of the district shall constitute the consent of the landowners within such district with respect to the merger; and

WHEREAS, because the CDD is located within the boundaries of the Stewardship District, a merger of the Districts (hereinafter the “Merger”) is in the best interests of the Districts because, among other reasons, the Merger would promote greater efficiency in the Districts’ operations, eliminate redundant overhead costs and other expenses, and reduce future operations and maintenance assessments in the aggregate; and

WHEREAS, on July 10, 2024, the Board of Supervisors (the “Board(s)”) of the CDD and Stewardship District adopted Resolutions evidencing the Districts’ intent to effectuate the Merger between the Districts, directing the Districts’ staff to take all actions necessary in effectuating same, and approving the form of an agreement between the Districts related to the merger and of the request requesting the Merger (collectively, the “Merger Approval Resolutions”); and

WHEREAS, in accordance with Section 190.046(3), *Florida Statutes*, and Chapter 2023-337(6)(27), *Laws of Florida*, the CDD and Stewardship District accordingly desire to set forth their mutual understanding, rights and obligations with respect to the Merger.

NOW, THEREFORE, based upon good and valuable consideration and the mutual covenants of the parties, the receipt of which and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Recitals and Authority. The foregoing recitals are true and correct and by this reference are incorporated as a material part of this Agreement. This Agreement is entered into pursuant to the provisions of Florida law, including, but not limited to, Chapter 190, *Florida Statutes*, and Chapter 2023-337, *Laws of Florida*.

2. The Merger. Pursuant to the Merger Approval Resolutions, the CDD shall cause to be filed with Stewardship District a written request (“Merger Request”) requesting that the CDD merge into the Stewardship District that would effectuate the Merger of the CDD into and with the Stewardship District as the surviving entity. In addition, the CDD shall file a copy of the Merger Request with Sarasota County. The Merger shall become effective upon dissolution of the CDD by Sarasota County (the “Merger Effective Date”). On the Merger Effective Date, the CDD shall be merged into and with the Stewardship District as the surviving entity, and the CDD

shall thereafter cease to exist. It is the intent of the Districts that the transfer, assignment, vesting, and assumption of all rights, property, assets, assessments, contracts, agreements, insurance, debts, and liabilities from the CDD into the Stewardship District shall automatically occur on the Merger Effective Date, by virtue of the Merger pursuant to Section 190.046(3), *Florida Statutes*, and Chapter 2023-337(6)(27), *Laws of Florida*.

3. Delegation of Authority; Cooperation. This Agreement supplements, as necessary, the authorization, direction and delegation of authority to the Districts' Chairpersons, Vice Chairpersons, and District officers and/or staff (collectively, "District Staff") as provided in the Merger Approval Resolutions to further authorize and delegate to District Staff the authority to effectuate the transfer of powers, duties, liabilities, claims and assets, etc. as may be necessary to effectuate the Merger. The Districts agree to continue to cooperate and take all actions reasonably necessary and in a timely manner to permit a prompt response in all proceedings relating to the Merger.

4. Funding. The Districts recognize that in order to seek a Merger pursuant to Chapter 190, *Florida Statutes*, and Chapter 2023-337, *Laws of Florida*, District Staff, including but not limited to legal, engineering, financial and managerial staff, among others, must provide certain services necessary to the effectuate the same. The Districts are authorized to enter into such funding agreements as are necessary to accomplish the Merger.

5. Legal Opinions. The Districts shall cause to be provided, or otherwise obtain, any legal opinions necessary to effectuate the Merger.

6. District Boundaries. Upon the Merger, the surviving District shall be the Stewardship District and the CDD shall cease to exist. As of the Merger Effective Date, the boundaries of Merged District shall be as set forth in **Exhibit A**, attached hereto and incorporated herein by reference.

7. Board Members. Upon the Merger Effective Date, the Board of the CDD shall cease to exist and the Board of Stewardship District shall continue to operate as the Board of the Merged District.

8. Property & Assets. Effective as of the Merger Effective Date, the CDD passes all title, rights, ownership of property, moneys, uncollected taxes and/or assessments, dues, receivables, claims, and judgments held and owned by the CDD (the "CDD Assets") to the Stewardship District. By execution of this Agreement, and as of the Merger Effective Date, the Stewardship District accepts and is hereby vested with the authority necessary to effect such transfer from or on behalf of the CDD, and receive such title, rights, ownership of property, moneys, uncollected taxes and/or assessments, dues, receivables, claims and judgments.

9. Assessments. Effective as of the Merger Effective Date, all non-ad valorem or special assessments levied by the CDD against property in the CDD (the "CDD Assessments") shall be payable when due to the Stewardship District. By execution of this Agreement, and as

of the Merger Effective Date, the CDD delegates, and the Stewardship District accepts, the authority to collect upon and enforce any such assessment liens, whether under the Uniform Method of Collection or any other method under Florida law.

10. Contracts. Effective as of the Merger Effective Date, the Stewardship District shall be responsible for, and bound by, all contracts to which the CDD is presently a party and which are not terminated as of the Merger Effective Date (the “CDD Contracts”). The Stewardship District shall assume the liabilities arising from the CDD Contracts and be entitled to the benefits of the same by operation of law. In addition, this Agreement shall affect the assignment, if needed, of the CDD Contracts to the Stewardship District as of the Merger Effective Date with no further action required on behalf of the Districts unless consent by assignment is required by a third party. If such consent is required by a third party, the CDD shall obtain such consent to assignment or terminate the contract in accordance with its terms. By execution of this Agreement, the CDD delegates, and the Stewardship District accepts, the authority to enforce and/or effect the disposition of all CDD Contracts, including but not limited to the assignment, amendment, and/or termination of the same.

11. Other Interlocal Agreements. Effective as of the Merger Effective Date, the Stewardship District shall be responsible for, and be bound by, all other interlocal agreements to which the CDD is a party, including any with Sarasota County (“Other Interlocal Agreements”). The Stewardship District shall assume the liabilities arising from such interlocal agreements and be entitled to the benefit of the same by operation of law. In addition, this Agreement shall affect the assignment, if needed, of the Other Interlocal Agreements by the CDD to the Stewardship District as of the Merger Effective Date with no further action required by the Districts. To the extent necessary, if any, the CDD delegates, and the Stewardship District accepts, the authority to enforce and/or effect the disposition of all such interlocal agreements, including but not limited to the assignment, amendment and/or termination of the same.

12. Debts & Liabilities. Effective as of the Merger Effective Date, the Stewardship District shall be responsible for and have the obligation of all debts and liabilities of the CDD (the “CDD Debts & Liabilities”) by operation of law. The Districts agree that, pursuant to Section 190.046, *Florida Statutes*, the Merger shall not impair the rights of creditors and liens upon the CDD’s property, if any. Moreover, the Stewardship District may be substituted for the CDD in any claim existing, or action or proceeding pending by or against the CDD. To the extent necessary, the CDD delegates, and the Stewardship District accepts, the authority to satisfy, fulfill, and pay all CDD Debts & Liabilities and defend against any claim or action proceeding by or against the CDD.

13. Insurance. The CDD shall terminate its insurance coverage effective thirty (30) days from the Merger Effective Date. The Stewardship District shall ensure that payment of the premium for that coverage is made so as to prevent any lapse in coverage, and shall be entitled to receive any refund of any overpayment for such insurance due to the cancellation.

14. Audits. Effective as of the Merger Effective Date, the CDD hereby authorizes the Stewardship District to conduct, approve, and submit to appropriate authorities a final audit of the CDD's financial records pursuant to Section 190.007(2), *Florida Statutes*, and the submittal of any additional financial reports or statements required by law. By execution of this Agreement, Stewardship District agrees to conduct, approve, and submit to appropriate authorities a final audit of CDD's records pursuant to Section 190.007(2), *Florida Statutes*, and to submit all required additional financial reports or statements required by law. The Districts agree that the preparation of the above-referenced audit shall not commence until after the Merger Effective Date.

15. Accounts. Effective as of the Merger Effective Date, the CDD authorizes Stewardship District to assume control of all bank accounts held in the name of the CDD (the "Bank Accounts"), and to take any actions necessary to utilize such funds to pay obligations of the CDD which may become due after the Merger Effective Date or to transfer any funds remaining in such accounts into Stewardship District accounts. Such actions may include, but are not limited to, the expenditure of funds from the Bank Accounts for payment of services rendered to the CDD prior to the Merger Effective Date, the transfer of such funds from the CDD to Stewardship District, and the closing of such Bank Accounts which shall occur within forty-five (45) days of the Merger Effective Date. By execution of this Agreement, and as of the Merger Effective Date, the Stewardship District accepts such control over the Bank Accounts.

16. Budgets. By execution of this Agreement, and effective as of the Merger Effective Date, the CDD delegates to Stewardship District the authority to consolidate the CDD's budget with the Stewardship District budget for the then-current fiscal year, and Stewardship District agrees to take any and all such actions with respect to the consolidation of the Districts' budgets. As the Districts acknowledge that the necessary amendments to Stewardship District's budget to reflect the Merger must occur after the closing of the financial accounts and records of the CDD, Stewardship District agrees to amend the Stewardship District budget to reflect the Merger, including amendments to both revenues and expenses, within sixty (60) days of the Merger Effective Date.

17. Rules and Policies. At the time of this Agreement, the Districts have their own Rules of Procedure. Any additional rules, rates, or policies adopted by Stewardship District shall remain in place upon the Merger unless and until Stewardship District finds, in its sole discretion, that it is in its best interests to amend such rules, rates, or policies.

18. Powers. At the time of this Agreement, the CDD shall continue to have all of its existing general and special powers. Effective as of the Merger Effective Date, Stewardship District shall be additionally vested with any and all of the general and special powers of the CDD.

19. Default and Protection Against Third Party Interference. A default by either party under this Agreement shall entitle the other to all remedies available at law or in equity, which may include, but not be limited to, the right of damages and/or specific performance.

Each party shall be solely responsible for enforcing its rights under this Agreement against any interfering third party. Nothing contained in this Agreement shall limit or impair a party's right to protect its rights from interference by a third party to this Agreement.

20. Amendments. Amendments to and waivers of the provisions contained in this Agreement may be made only by an instrument in writing approved by the Boards of Supervisors of each of the Districts.

21. Authorization. The execution of this Agreement has been duly authorized by the Boards of Supervisors for the CDD and Stewardship District, all parties have complied with all the requirements of law, and all parties have full power and authority to comply with the terms and provisions of this instrument.

22. Arm's Length Transaction. This Agreement has been negotiated fully between the parties as an arm's length transaction. All parties participated fully in the preparation of this Agreement and received the advice of counsel of their choosing. In the case of a dispute concerning the interpretation of any provision of this Agreement, all parties are deemed to have drafted, chosen, and selected the language, and the doubtful language will not be interpreted or construed against any party.

23. Third Party Beneficiaries. This Agreement is solely for the benefit of the parties and no right or cause of action shall accrue upon or by reason, to or for the benefit of any third party not a formal party to this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person or entity other than the parties any right, remedy, or claim under or by reason of this Agreement or any of the provisions or conditions of this Agreement.

24. Assignment. The parties may not assign any part of this Agreement without the prior written approval of the other. Any purported assignment without such written consent shall be void.

25. Controlling Law; Venue. This Agreement and the provisions contained in this Agreement shall be construed, interpreted, and controlled according to the laws of the State of Florida. Venue shall be in Sarasota County, Florida.

26. Severability. The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part of this Agreement not held to be invalid or unenforceable.

27. Sovereign Immunity. Nothing in this Agreement shall constitute or be construed as a waiver of either party's limitations on liability, as set forth in Section 768.28, *Florida Statutes*, or other applicable statute or law.

28. Enforcement of Agreement. In the event that either party is required to enforce this Agreement by court proceedings or otherwise, the parties agree that the prevailing party shall be entitled to recover from the non-prevailing party all fees and costs incurred, including reasonable attorneys fees, paralegal fees and costs for trial, alternative dispute resolution, or appellate proceedings.

29. Headings for Convenience Only. The descriptive headings in this Agreement are for convenience only and shall not control nor affect the meaning or construction of any of the provisions of this Agreement.

30. Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original. However, all such counterparts together shall constitute one and the same instrument. Signature and acknowledgment pages, if any, may be detached from the counterparts and attached to a single copy of this document to physically form one document.

31. Effective Date; Merger Effective Date and Termination. This Agreement shall be effective upon the execution by a majority of the Board of Supervisors of the CDD and Stewardship District, and upon the recordation of a fully-executed copy of the Agreement in the Official Records of Sarasota County, Florida. The Agreement shall continue to be effective until the earlier of either: (a) the date following the Merger Effective Date upon which all obligations and requirements set forth under this Agreement have been satisfied; or (b) termination of this Agreement upon sixty (60) days written notice by the terminating party. The terminating party shall record a Notice of Termination of this Agreement immediately after the effective date of termination.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the undersigned executed the foregoing Agreement.

WITNESS

**LAKES OF SARASOTA COMMUNITY
DEVELOPMENT DISTRICT 2**

Name: _____
Address: _____

By: _____
Name: _____
Title: _____

Name: _____
Address: _____

STATE OF FLORIDA)
COUNTY OF _____)

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of _____, 2024 by _____, as _____ of Lakes of Sarasota Community Development District 2, who is ☐ personally known to me, or ☐ produced _____ as identification.

[Notary Seal]

Notary Public, State of Florida
Name: _____
(Name of Notary Public, Printed, Stamped
or Typed as Commissioned)

WITNESS

THREE RIVERS STEWARDSHIP DISTRICT

Name: _____
Address: _____

By: _____
Name: _____
Title: _____

Name: _____
Address: _____

STATE OF FLORIDA)
COUNTY OF _____)

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of _____, 2024 by _____, as _____ of Three Rivers Stewardship District, who is ☐ personally known to me, or ☐ produced _____ as identification.

[Notary Seal]

Notary Public, State of Florida
Name: _____
(Name of Notary Public, Printed, Stamped
or Typed as Commissioned)

IN WITNESS WHEREOF, the undersigned, as District Manager of Lakes of Sarasota Community Development District 2, accepts the authority delegated by this Agreement.

WITNESS

WRATHELL HUNT & ASSOCIATES, LLC

Name: _____
Address: _____

By: _____
Name: _____
Title: _____

Name: _____
Address: _____

STATE OF FLORIDA)
COUNTY OF _____)

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of _____, 2024 by _____, as _____ of Wrathell Hunt & Associates, LLC, who is ☐ personally known to me, or ☐ produced _____ as identification.

[Notary Seal]

Notary Public, State of Florida
Name: _____
(Name of Notary Public, Printed, Stamped
or Typed as Commissioned)

Exhibit A: Stewardship District Boundaries as of Merger Effective Date

LAKES OF SARASOTA

COMMUNITY DEVELOPMENT DISTRICT 2

UNAUDITED FINANCIAL STATEMENTS

**LAKES OF SARASOTA
COMMUNITY DEVELOPMENT DISTRICT 2
FINANCIAL STATEMENTS
UNAUDITED
MAY 31, 2024**

**LAKES OF SARASOTA
COMMUNITY DEVELOPMENT DISTRICT 2
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash	\$ 628,906	\$ -	\$ -	\$ 628,906
Due from Landowner	8,275	-	513,272	521,547
Due from general fund	-	-	621,293	621,293
Total assets	<u>\$ 637,181</u>	<u>\$ -</u>	<u>\$ 1,134,565</u>	<u>\$ 1,771,746</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,590	\$ -	\$ 1,134,565	\$ 1,144,155
Retainage payable	-	-	169,942	169,942
Due to Landowner	-	42,983	3,253,666	3,296,649
Due to capital projects fund	621,293	-	-	621,293
Tax payable	306	-	-	306
Landowner advance	6,000	-	-	6,000
Total liabilities	<u>637,189</u>	<u>42,983</u>	<u>4,558,173</u>	<u>5,238,345</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred receipts	<u>8,275</u>	<u>-</u>	<u>-</u>	<u>8,275</u>
Total deferred inflows of resources	<u>8,275</u>	<u>-</u>	<u>-</u>	<u>8,275</u>
Fund balances:				
Restricted for:				
Debt service	-	(42,983)	-	(42,983)
Capital projects	-	-	(3,423,608)	(3,423,608)
Unassigned	<u>(8,283)</u>	<u>-</u>	<u>-</u>	<u>(8,283)</u>
Total fund balances	<u>(8,283)</u>	<u>(42,983)</u>	<u>(3,423,608)</u>	<u>(3,474,874)</u>
Total liabilities and fund balances	<u>\$ 637,181</u>	<u>\$ -</u>	<u>\$ 1,134,565</u>	<u>\$ 1,771,746</u>

**LAKES OF SARASOTA
COMMUNITY DEVELOPMENT DISTRICT 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE PERIOD ENDED MAY 31, 2024**

	Current Month	Year to Date	Budget	% of Budget
REVENUES				
Landowner contribution	\$ 3,476	\$ 28,262	\$ 111,490	25%
Total revenues	<u>3,476</u>	<u>28,262</u>	<u>111,490</u>	25%
EXPENDITURES				
Professional & administrative				
Supervisors	1,077	7,320	12,700	58%
Management/accounting/recording*	2,000	16,000	48,000	33%
Legal	1,794	2,368	20,000	12%
Engineering	-	-	10,000	0%
Audit**	3,000	3,000	3,500	86%
Arbitrage rebate calculation**	-	-	750	0%
Dissemination agent**	-	-	1,000	0%
Trustee**	-	-	4,000	0%
Telephone	17	133	200	67%
Postage	-	-	500	0%
Printing & binding	41	333	1,000	33%
Legal advertising	342	1,294	2,500	52%
Annual special district fee	-	175	175	100%
Insurance	-	5,200	5,500	95%
Contingencies/bank charges	4	17	750	2%
Website				
Hosting & maintenance	-	705	705	100%
ADA compliance	-	-	210	0%
Total expenditures	<u>8,275</u>	<u>36,545</u>	<u>111,490</u>	33%
Excess/(deficiency) of revenues over/(under) expenditures	(4,799)	(8,283)	-	
Fund balances - beginning	(3,484)	-	12,841	
Fund balances - ending	<u>\$ (8,283)</u>	<u>\$ (8,283)</u>	<u>\$ 12,841</u>	

*WHA will charge a reduced management fee of \$2,000 per month until bonds are issued.

**Expenses will be realized during budget year following bond issued.

**LAKES OF SARASOTA
COMMUNITY DEVELOPMENT DISTRICT 2
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND**

	Current Month	Year To Date
REVENUES	<u>\$ -</u>	<u>\$ -</u>
Total revenues	<u>-</u>	<u>-</u>
EXPENDITURES		
Debt service	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Excess/(deficiency) of revenues over/(under) expenditures	-	-
Fund balances - beginning	(42,983)	(42,983)
Fund balances - ending	<u><u>\$ (42,983)</u></u>	<u><u>\$ (42,983)</u></u>

**LAKES OF SARASOTA
COMMUNITY DEVELOPMENT DISTRICT 2
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
FOR THE PERIOD ENDED MAY 31, 2024**

	Current Month	Year To Date
REVENUES	<u>\$ -</u>	<u>\$ -</u>
Total revenues	<u>-</u>	<u>-</u>
 EXPENDITURES		
Construction costs	<u>1,071,471</u>	<u>3,354,489</u>
Total expenditures	<u>1,071,471</u>	<u>3,354,489</u>
 Excess/(deficiency) of revenues over/(under) expenditures	 (1,071,471)	 (3,354,489)
 Fund balances - beginning	 <u>(2,352,137)</u>	 <u>(69,119)</u>
Fund balances - ending	<u><u>\$ (3,423,608)</u></u>	<u><u>\$ (3,423,608)</u></u>

LAKES OF SARASOTA

COMMUNITY DEVELOPMENT DISTRICT 2

MINUTES

DRAFT

**MINUTES OF MEETING
LAKES OF SARASOTA
COMMUNITY DEVELOPMENT DISTRICT 2**

The Board of Supervisors of the Lakes of Sarasota Community Development District 2 held a Regular Meeting on June 12, 2024 at 11:00 a.m., at 5800 Lakewood Ranch Blvd., Sarasota, Florida 34240.

Present were:

Pete Williams	Chair
Kris Watts	Vice Chair
John Blakley	Assistant Secretary
Dale Weidemiller	Assistant Secretary

Also present:

Chuck Adams	District Manager
Barry Mazzoni	Wrathell, Hunt and Associates, LLC
Shawn Leins	District Engineer

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 11:04 a.m. Supervisors Williams, Watts, Weidemiller and Blakley were present. Supervisor Heim was absent.

SECOND ORDER OF BUSINESS

Public Comments

No members of the public spoke.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2024-02, Approving a Proposed Budget for Fiscal Year 2024/2025 and Setting a Public Hearing Thereon Pursuant to Florida Law; Addressing Transmittal, Posting and Publication Requirements; Addressing Severability; and Providing an Effective Date

Mr. Adams presented Resolution 2024-02 and the proposed Fiscal Year 2025 budget. It is a Developer-contribution budget, with expenses funded as they are incurred.

On MOTION by Mr. Weidemiller and seconded by Mr. Williams, with all in favor, Resolution 2024-02, Approving a Proposed Budget for Fiscal Year 2024/2025 and Setting a Public Hearing Thereon Pursuant to Florida Law on August 14, 2024 at 11:00 a.m., at 5800 Lakewood Ranch Blvd., Sarasota, Florida 34240; Addressing Transmittal, Posting and Publication Requirements; Addressing Severability; and Providing an Effective Date, was adopted.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2024-03, Ratifying the Actions of the District Manager in Redesignating the Date, Time and Location for Landowners' Meeting; Providing for Publication, Providing for an Effective Date

Mr. Adams presented Resolution 2024-03.

On MOTION by Mr. Weidemiller and seconded by Mr. Williams, with all in favor, Resolution 2024-03, Ratifying the Actions of the District Manager in Redesignating the Date, Time and Location for Landowners' Meeting to November 5, 2024 at 11:00 a.m., at 5800 Lakewood Ranch Blvd., Sarasota, Florida 34240; Providing for Publication, Providing for an Effective Date, was adopted.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2024-04, Designating Dates, Times and Locations for Regular Meetings of the Board of Supervisors of the District for Fiscal Year 2024/2025 and Providing for an Effective Date

Mr. Adams presented Resolution 2024-04.

On MOTION by Mr. Weidemiller and seconded by Mr. Williams, with all in favor, Resolution 2024-04, Designating Dates, Times and Locations for Regular Meetings of the Board of Supervisors of the District for Fiscal Year 2024/2025 and Providing for an Effective Date, was adopted.

SIXTH ORDER OF BUSINESS

Acceptance of the Unaudited Financial Statements as of April 30, 2024

On MOTION by Mr. Williams and seconded by Mr. Weidemiller, with all in favor, the Unaudited Financial Statements as of April 30, 2024, were accepted.

SEVENTH ORDER OF BUSINESS

Approval of May 8, 2024 Regular Meeting Minutes

On MOTION by Mr. Williams and seconded by Mr. Blakley, with all in favor, the May 8, 2024 Regular Meeting Minutes, as presented, were approved.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. District Counsel: Vogler Ashton, PLLC

There was no report.

B. District Engineer: AM Engineering, Inc.

Mr. Leins had nothing to report.

C. District Manager: Wrathell, Hunt and Associates, LLC

- 0 Registered Voters in District as of April 15, 2024

- NEXT MEETING DATE: July 10, 2024 at 11:00 AM

- QUORUM CHECK

NINTH ORDER OF BUSINESS

Board Members' Comments/Requests

There were no Board Members' comments or requests.

TENTH ORDER OF BUSINESS

Public Comments: Non-Agenda Items
(limited to 3 minutes per individual)

115

116 No members of the public spoke.

117

118 **ELEVENTH ORDER OF BUSINESS**

Adjournment

119

120 **On MOTION by Mr. Williams and seconded by Ms. Watts, with all in favor, the**
121 **meeting adjourned at 11:08 a.m.**

122

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[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

128
129
130
131
132

Secretary/Assistant Secretary

Chair/Vice Chair

LAKEs OF SARASOTA

COMMUNITY DEVELOPMENT DISTRICT 2

STAFF

REPORTS

LAKES OF SARASOTA COMMUNITY DEVELOPMENT DISTRICT 2		
BOARD OF SUPERVISORS FISCAL YEAR 2023/2024 MEETING SCHEDULE		
LOCATION		
<i>5800 Lakewood Ranch Blvd, Sarasota, FL 34240</i>		
DATE	POTENTIAL DISCUSSION/FOCUS	TIME
October 11, 2023	Regular Meeting	11:00 AM
November 8, 2023	Regular Meeting	11:00 AM
December 13, 2023 CANCELED	Regular Meeting	11:00 AM
January 10, 2024	Regular Meeting	11:00 AM
February 14, 2024	Regular Meeting	11:00 AM
March 13, 2024	Regular Meeting	11:00 AM
April 10, 2024	Regular Meeting	11:00 AM
May 8, 2024	Regular Meeting	11:00 AM
June 12, 2024	Regular Meeting	11:00 AM
July 10, 2024	Regular Meeting	11:00 AM
August 14, 2024	Public Hearing & Regular Meeting	11:00 AM
September 11, 2024	Regular Meeting	11:00 AM