

**Capron Trail Community  
Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2018**

**Capron Trail Community Development District**  
**ANNUAL FINANCIAL REPORT**  
**September 30, 2018**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Capron Trail Community Development District  
St. Lucie County, Florida

### Report on the Financial Statements

We have audited the accompanying basic financial statements of Capron Trail Community Development District as of and for the year ended September 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

Fort Pierce / Stuart

To the Board of Supervisors  
Capron Trail Community Development District

## Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund of Capron Trail Community Development District as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Governmental accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *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 in accordance with governmental auditing standards generally accepted in the United States of America, which consisted principally of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 3, 2019 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 and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capron Trail Community Development District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

June 3, 2019

**Capron Trail Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2018**

Management's discussion and analysis of Capron Trail Community Development District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets 2) restricted and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government and physical environment.

*Fund financial statements* present financial information for governmental funds. These statements provide financial information for the major governmental funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Capron Trail Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including capital assets, are reported in the **statement of net position**. All liabilities obligated but not paid by the District, are included. In the **statement of activities** transactions between the different functions of the District are eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long term liabilities are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District is also included in the *notes to financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2018:

- The District's total assets exceeded total liabilities by \$733,575 (net position). Unrestricted net position for governmental activities were \$213,136. Net investment in capital assets for governmental activities were \$520,439.
- Governmental activities revenues totaled \$320,116 while governmental activities expenses totaled \$352,988.

**Capron Trail Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

The following tables present condensed, government-wide current year and prior year data about net position and changes in net position. Comparative year data is shown based on the Government financial reporting model under the Governmental Accounting Standards Board Statement No.34.

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Net Position</b>		
Current assets	\$ 280,328	\$ 319,367
Capital assets	520,439	524,857
Total Assets	<u>800,767</u>	<u>844,224</u>
Current liabilities	<u>67,192</u>	<u>77,777</u>
Net position - net investment in capital assets	520,439	524,857
Net position - unrestricted	213,136	241,590
Total Net Position	<u>\$ 733,575</u>	<u>\$ 766,447</u>

The decrease in current assets is primarily the result of expenditures exceeding revenues at the fund level in the current year.

The decrease in capital assets and net investment in capital assets was due to depreciation in the current year.

**Capron Trail Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Change in Net Position</b>		
Program Revenues		
Charges for services	\$ 319,593	\$ 453,067
General Revenues		
Investment earnings	523	555
Total Revenues	<u>320,116</u>	<u>453,622</u>
Expenses		
General government	48,705	50,253
Physical environment	304,283	409,124
Total Expenses	<u>352,988</u>	<u>459,377</u>
Change in Net Position	(32,872)	(5,755)
Net Position – Beginning of Year	766,447	772,202
Net Position – End of Year	<u>\$ 733,575</u>	<u>\$ 766,447</u>

The decrease in charges for services is related to a budgeted decrease in special assessments.

The decrease in physical environment is primarily due to the decrease in depreciation.



**Capron Trail Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of 2018 and 2017.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 458,847	\$ 458,847
Infrastructure	6,092,210	6,092,210
Equipment	5,000	5,000
Total Capital Assets	<u>6,556,057</u>	<u>6,556,057</u>
Less: Accumulated depreciation	<u>(6,035,618)</u>	<u>(6,031,200)</u>
Total Capital Assets, Net	<u>\$ 520,439</u>	<u>\$ 524,857</u>

During the year, depreciation was \$4,418.

**Budgetary Highlights**

During the year, budgeted expenditures exceeded actual amounts primarily because actual expenditures related to repair and maintenance were lower than anticipated. The September 30, 2018 budget was amended because actual expenditures for maintenance expenditures was more than originally anticipated.

**Economic Factors**

The District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in the subsequent fiscal year.

**Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. If you have any questions about this report or need additional financial information, contact Capron Trail Community Development District, District Manager, Special District Services, Inc., 2501A Burns Road, Palm Beach Gardens, Florida 33410 or telephone (561) 630-4922.

**Capron Trail Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2018**

	Governmental Activities
Assets	
Current Assets	
Cash and equivalents	\$ 278,586
Due from other governments	1,742
Total Current Assets	280,328
Non-Current Assets	
Capital assets, not being depreciated:	
Land	458,847
Capital assets, being depreciated:	
Infrastructure	6,092,210
Equipment	5,000
Less: accumulated depreciation	(6,035,618)
Total Non-Current Assets	520,439
Total Assets	800,767
Liabilities	
Current Liabilities	
Accounts payable	67,192
Net Position	
Net investment in capital assets	520,439
Unrestricted	213,136
Total Net Position	\$ 733,575

See accompanying notes to financial statements.

**Capron Trail Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues Charges for Services</b>	<b>Net (Expense) Revenues and Changes in Net Position Governmental Activities</b>
General government	\$ (48,705)	\$ 41,685	\$ (7,020)
Physical environment	(304,283)	277,908	(26,375)
Total Governmental Activities	\$ (352,988)	\$ 319,593	(33,395)
	<b>General Revenues</b>		
			Investment earnings
			523
			Change in Net Position
			(32,872)
			Net Position - October 1, 2017
			766,447
			Net Position - September 30, 2018
			\$ 733,575

See accompanying notes to financial statements.

**Capron Trail Community Development District  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2018**

	<b>General Fund</b>
<b>Assets</b>	
Cash and equivalents	\$ 278,586
Due from other governments	1,742
Total Assets	\$ 280,328
 <b>Liabilities and Fund Balances</b>	
Liabilities	
Accounts payable	\$ 67,192
 Fund Balances:	
Unassigned	213,136
Total Liabilities and Fund Balances	\$ 280,328

See accompanying notes to financial statements.

**Capron Trail Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2018**

Total Governmental Fund Balances	\$	213,136
Capital assets not being depreciated, land, used in governmental activities are not current financial resources and; therefore, are not reported at the fund level.		458,847
Capital assets being depreciated (infrastructure (\$6,092,210) and equipment (\$5,000) net of accumulated depreciation (\$6,035,618)) used in governmental activities are not current financial resources and; therefore, are not reported in the funds.		61,592
		<hr style="border-top: 1px solid black;"/>
Net Position of Governmental Activities	\$	<u><u>733,575</u></u>

See accompanying notes to financial statements.

**Capron Trail Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2018**

	<b>General Fund</b>
Revenues	
Special assessments	\$ 319,593
Investment earnings	523
Total Revenues	320,116
Expenditures	
Current:	
General government	48,705
Physical environment	299,865
Total Expenditures	348,570
Net change in fund balances	(28,454)
Fund Balances - October 1, 2017	241,590
Fund Balances - September 30, 2018	\$ 213,136

See accompanying notes to financial statements.

**Capron Trail Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ (28,454)

Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental funds report capital outlays as expenditures. However, in  
the Statement of Activities, the cost of those assets is allocated over  
their estimated useful lives as depreciation. This is the amount of  
depreciation in the current period.

(4,418)

Change in Net Position of Governmental Activities \$ (32,872)

See accompanying notes to financial statements.

**Capron Trail Community Development District  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND  
For the Year Ended September 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 312,275	\$ 317,851	\$ 319,593	\$ 1,742
Investment earnings	360	523	523	-
Total Revenues	<u>312,635</u>	<u>318,374</u>	<u>320,116</u>	<u>1,742</u>
Expenditures				
Current:				
General government	60,625	51,823	48,705	3,118
Physical environment	292,010	345,500	299,865	45,635
Total Expenditures	<u>352,635</u>	<u>397,323</u>	<u>348,570</u>	<u>48,753</u>
Net change in fund balances	(40,000)	(78,949)	(28,454)	50,495
Fund Balances - October 1, 2017	<u>40,000</u>	<u>78,949</u>	<u>241,590</u>	<u>162,641</u>
Fund Balances - September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,136</u>	<u>\$ 213,136</u>

See accompanying notes to financial statements.



**Capron Trail Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**1. Reporting Entity**

The District was established on May 17, 1988, pursuant to the Uniform Community Development Act of 1980, otherwise known as Chapter 190, Florida Statutes. Chapter 190 provides that a Community Development District with a size of 1,000 acres or more may be established by rule adopted under Chapter 120 by the Florida Land and Water Adjudicatory Commission. The District was established by adopting Rule 42G-1. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Capron Trail Community Development District. The District is governed by a four-member Board of Supervisors who are elected on an at large basis by the owners of the property within the district. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the Capron Trail Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board ("GASB"), the District has identified no component units.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**Capron Trail Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by developer contributions and interest. Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Capron Trail Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

**Capron Trail Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

The District has various policies governing the fund balance classifications.

*Nonspendable Fund Balance* – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

*Restricted Fund Balance* – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

*Assigned Fund Balance* – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

*Unassigned Fund Balance* – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

*Fund Balance Spending Hierarchy* – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**b. Non-current Governmental Assets**

GASB Statement No. 34 requires that non-current governmental assets, such as land, infrastructure and improvements be reported in the governmental activities column in the government-wide statement of net position.

**Capron Trail Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

**b. Restricted Assets**

Certain net position of the District will be classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

**c. Capital Assets**

Capital assets, which include land, equipment, and infrastructure are reported in governmental activities.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**Capron Trail Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity (Continued)**

**c. Capital Assets (Continued)**

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

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

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Infrastructure-water management system	25 years
Infrastructure-pump stations	20 years
Equipment	5 years

**d. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. Formal budgets are adopted for the general fund. The legal level of budgetary control is at the fund level. As a result, deficits in the budget columns of the accompanying financial statements may occur. All budgeted appropriations lapse at year end.

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

“Total fund balances” of the District’s governmental funds (\$213,136) differs from “net position” of governmental activities (\$733,575) reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the Governmental Fund Balance Sheet. The effect of the differences is illustrated below.

**Capron Trail Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)**

**Capital related items**

When capital assets (improvements and infrastructure that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole.

Land and improvements	\$	458,847
Infrastructure		6,092,210
Equipment		5,000
Accumulated depreciation		<u>(6,035,618)</u>
Total		<u>\$ 520,439</u>

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds (\$(28,454)) differs from the “change in net position” for governmental activities (\$(32,872)) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation charged for the year.

Depreciation expense	\$	<u>(4,418)</u>
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**Capron Trail Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE C – CASH AND DEPOSITS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet and statement of net position, when applicable, as cash.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2018, the District's bank balance was \$314,650 and the carrying value was \$278,586. The District manages its exposure to custodial credit by maintaining all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

The District had no investments during the current year.

**NOTE D – CAPITAL ASSETS**

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

	October 1, 2017 Balance	Additions	Deletions	September 30, 2018 Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land and land improvements	\$ 458,847	\$ -	\$ -	\$ 458,847
Capital assets, being depreciated:				
Infrastructure	6,092,210	-	-	6,092,210
Equipment	5,000	-	-	5,000
Total Capital Assets, Being Depreciated	6,097,210	-	-	6,097,210
Less accumulated depreciation for:				
Infrastructure	(6,026,200)	(4,418)	-	(6,030,618)
Equipment	(5,000)	-	-	(5,000)
Total Accumulated Depreciation	(6,031,200)	(4,418)	-	(6,035,618)
Total Capital Assets Depreciated, Net	66,010	(4,418)	-	61,592
Governmental Activities Capital Assets	\$ 524,857	\$ (4,418)	\$ -	\$ 520,439

Depreciation of \$4,418 was allocated to the physical environment.



**Capron Trail Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE E – RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

**NOTE F – RELATED PARTIES**

Repairs and maintenance work was performed for the District by a Corporation where two of the Board of Supervisors are associated. The related party expenditures for the year ended September 30, 2018 were \$296,666 and the accounts payable balance was \$62,556.



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## **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  
Capron Trail Community Development District  
St. Lucie 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 Capron Trail Community Development District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 3, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Capron Trail Community Development District's internal control over financial reporting 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 Capron Trail Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Capron Trail Community Development District's internal control over financial reporting.

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

Board of Supervisors  
Capron Trail Community Development District

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants  
Fort Pierce, Florida

June 3, 2019



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## **MANAGEMENT LETTER**

To the Board of Supervisors  
Capron Trail Community Development District  
St. Lucie County, Florida

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

We have audited the financial statements of the Capron Trail Community Development District as of and for the year ended September 30, 2018, and have issued our report thereon dated June 3, 2019.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 3, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Capron Trail Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Capron Trail Community Development District did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

To the Board of Supervisors  
Capron Trail Community Development District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Capron Trail Community Development District. It is management's responsibility to monitor the Capron Trail Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2018.

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

#### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

#### **Purpose of this Letter**

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

*Berger Toombs Elam  
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

June 3, 2019