

Blackburn Creek Community Development District

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The meeting of the Board of Supervisors for the **Blackburn Creek Community Development District** will be held **Tuesday, November 14, 2023, at 11:00 a.m.** located at **6853 Energy Ct, Lakewood Ranch, FL 34240**. The following is the proposed agenda for this meeting.

Call in number: 1-844-621-3956

Passcode: 2538 286 6774 #

BOARD OF SUPERVISORS' MEETING AGENDA

Organizational Matters

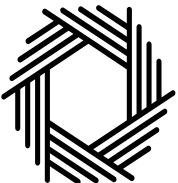
- Call to Order
- Roll Call
- Public Comment Period *[for any members of the public desiring to speak on any proposition before the Board]*

General Business Matters

1. Consideration of the Minutes of the October 10, 2023, Board of Supervisors' Meeting
2. Consideration of Resolution 2024-01, Adopting an Amended FY 2023 Budget
3. Consideration of Resolution 2024-02, Spending Resolution
4. District Engineer Project Update
 - a. Finn Outdoor
 - b. Preventative Maintenance Plan
5. Discussion Regarding HOA Turnover
6. Review and Acceptance of FY 2022 Audit Report
7. Consideration of FY 2023 Audit Engagement Letter
8. Review of Reserve Study
9. Ratification of Payment Authorization No. 207
10. Review of District Financial Statements *(provided under separate cover)*

Other Business

- Staff Reports
 - District Counsel
 - District Engineer
 - District Manager
 - District Accountant
- Audience Comments
- Supervisors Requests



pfm

Adjournment



pfm

**BLACKBURN CREEK COMMUNITY
DEVELOPMENT DISTRICT**

Minutes of the October 10, 2023,
Board of Supervisors' Meeting

MINUTES OF MEETING

**BLACKBURN CREEK COMMUNITY DEVELOPMENT DISTRICT
BOARD OF SUPERVISORS MEETING MINUTES**

**Tuesday, October 10, 2023, at 11:00 a.m.
6853 Energy Court, Lakewood Ranch, FL 34240**

Board Members Present via Speaker or in Person:

Kevin Johnson	Chairperson
David Trast	Vice Chair
Kirk Fegley	Assistant Secretary
Phil Davis	Assistant Secretary
James Sverapa	Assistant Secretary

Also Present via Speaker or in Person:

Vivian Carvalho	District Manager - PFM Group Consulting LLC	(via phone)
Venessa Ripoll	District Manager - PFM Group Consulting LLC	
Rick Montejano	PFM Group Consulting LLC	(via phone)
Andy Cohen	Persson, Cohen, Mooney, Fernandez & Jackson PA	
Bill Conerly	District Engineer	

FIRST ORDER OF BUSINESS

Organizational Matters

Call to Order and Roll Call

The Board of Supervisors' Meeting for the Blackburn Creek CDD was called to order at 11:03 a.m. by Ms. Ripoll. Those in attendance are outlined above either in person or via speaker phone.

Public Comment Period

There was no one from the public present at this time.

SECOND ORDER OF BUSINESS

General Business Matters

**Consideration of the Minutes of the
September 19, 2023, Board of
Supervisors' Meeting**

The Board reviewed the minutes.

ON MOTION by Mr. Johnson seconded by Mr. Trast, with all in favor, the Board approved the Minutes of the September 19, 2023, Board of Supervisors' Meeting.

District Engineer Project Update
a. Sewer Viewer
b. Preventative Maintenance Plan
c. Finn Outdoor – work was completed, and Rob is going to provide a report

Ms. Ripoll stated that Sewer Viewer had been on property and Mr. Conerly stated that the work had been completed, the temporary meter for the hydrants has been removed which may have a refund associated with it. He also mentioned that Finn Outdoor has also completed their work on property and there were no issues, Mr. Engel is working on a report that should be ready with a week or so. Mr. Trast requested that a report with photos be sent to the supervisors when complete. Mr. Conerly stated that they have begun to set up some of the information associated with the Preventative Maintenance Plan, they have created a Sharefile website where they will continue to upload record drawings and items that are necessary to understand how the project was permitted and constructed. They have also been modifying the graphics and will have an updated graphic that will include some additional information concerning areas that will be focused on in the first phase of the preventative maintenance program that is slated to start the next fiscal year. Mr. Conerly suggested that they step out of the District Engineering position and have another entity become the District Engineer.

ON MOTION by Mr. Trast seconded by Mr. Sverapa, with all in favor, the Board approved to move forward to work on an RFQ for District Engineering Services.

Update from Counsel on District Responsibilities
1. Update on Operating Rules
2. Work on Summary of Facilities

Mr. Cohen stated that Counsel is currently working on updating the operating rules. He has not heard back yet from Mr. Vogler concerning the responsibility of the CDD with the curbs and gutters that are a part of the roadways.

Discussion Regarding HOA Turnover

Mr. Johnson mentioned that there is a movement to dissolve all the HOA neighborhoods and make them one. District staff will look through the District's records to determine what was paid for by and belongs to the District.

ON MOTION by Mr. Johnson seconded by Mr. Trast, with all in favor, the Board approved for the District Manager to go through the requisitions.

Review and Acceptance FY 2022 Audit Report

The Board had some comments about the report that they had received, they had noticed some errors that were made and believe there are things that need to be mentioned in the report. District staff will work with the Board concerning their questions and send them to the auditor. This item will be left on the agenda. Ms. Ripoll stated that she would let the Board know if a special meeting is needed in the future. Ms. Carvalho suggested that a member of the Board work with management concerning the changes they want made to the Audit Report.

Review of Reserve Study

Mr. Trast asked this item be deferred to the next meeting and that the Board send Ms. Ripoll any questions they have concerning the Reserve Study.

Ratification of Payment Authorization Nos. 205 – 206

ON MOTION by Mr. Fegley seconded by Mr. Trast, with all in favor, the Board ratified Payment Authorization Nos. 205 – 206.

Review of District Financial Statements

The Board reviewed the financial statements as of September 30, 2023.

ON MOTION by Mr. Johnson seconded by Mr. Sverapa, with all in favor, the Board accepted the District Financial Statements.

THIRD ORDER OF BUSINESS

Staff Reports

District Counsel – No report.

District Engineer – No report.

District Manager – Ms. Ripoll stated that the next meeting is scheduled for November 14, 2023 at 11:00 a.m. at this location.

FOURTH ORDER OF BUSINESS

Audience Comments and Supervisor Requests

There were no requests from the Board at this time.

FIFTH ORDER OF BUSINESS

Adjournment

There was no additional business to discuss. Ms. Ripoll requested a motion to adjourn.

ON MOTION by Mr. Johnson, seconded by Mr. Davis, with all in favor, the October 10, 2023, Meeting of the Board of Supervisors of the Blackburn Creek Community Development District was adjourned at 12:01 p.m.

Secretary/Assistant Secretary

Chairperson/Vice Chairperson

**BLACKBURN CREEK COMMUNITY
DEVELOPMENT DISTRICT**

Resolution 2024-01,
Adopting an Amended FY 2023 Budget

RESOLUTION 2024-01

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE BLACKBURN CREEK COMMUNITY DEVELOPMENT DISTRICT ADOPTING AN AMENDED GENERAL FUND BUDGET FOR FISCAL YEAR 2022/2023, PROVIDING FOR APPROPRIATIONS; ADDRESSING CONFLICTS AND SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on August 10, 2022, the Board of Supervisors ("**Board**") of the Blackburn Creek Community Development District ("**District**"), adopted Resolution 2022-07 providing for the adoption of the District's fiscal year 2022/2023 annual budget ("**Budget**"); and

WHEREAS, the District Manager, at the direction of the Board, has prepared an amended Budget, to reflect changes in the actual appropriations of the Budget; and

WHEREAS, Chapters 189 and 190, *Florida Statutes*, and Section 3 of Resolution 2022-07 authorize the Board to amend the Budget; and

WHEREAS, the Board finds that it is in the best interest of the District and its landowners to amend the Budget to reflect the actual appropriations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE BLACKBURN CREEK COMMUNITY DEVELOPMENT DISTRICT:

1. BUDGET AMENDMENT.

- a. The Board has reviewed the District Manager's proposed amended Budget, copies of which are on file with the office of the District Manager and at the District's Records Office, and hereby approves certain amendments thereto, as shown in Section 2 below.
- b. The amended Budget attached hereto as **Exhibit "A"** and incorporated herein by reference as further amended by the Board is hereby adopted in accordance with the provisions of section 189.016(6), *Florida Statutes*; provided, however, that the comparative figures contained in the amended Budget as adopted by the Board (together, "**Adopted Annual Budget**") may be further revised as deemed necessary by the District Manager to further reflect actual revenues and expenditures for fiscal year 2022/2023.
- c. The Adopted Annual Budget shall be maintained in the office of the District Manager and the District Records Office and identified as "The Adopted Budget

for the Blackburn Creek Community Development District for the fiscal year ending September 30, 2023, as amended and adopted by the Board of Supervisors effective November 8, 2023.”

2. APPROPRIATIONS. There is hereby appropriated out of the revenues of the District, the fiscal year beginning October 1, 2022, and ending September 30, 2023, the sums set forth below, raised by the levy of special assessments and otherwise, which sums are deemed by the Board of Supervisors to be necessary to defray all expenditures of the District during said budget year, to be divided and appropriated in the following fashion:

TOTAL GENERAL FUND	\$ _____
DEBT SERVICE FUND – SERIES 2013	\$ _____
DEBT SERVICE FUND – SERIES 2015 A-1	\$ _____
DEBT SERVICE FUND – SERIES 2015 A-2	\$ _____
DEBT SERVICE FUND – SERIES 2018 A-1	\$ _____
DEBT SERVICE FUND – SERIES 2018 A-2	\$ _____
DEBT SERVICE FUND – SERIES 2019 A-1	\$ _____
DEBT SERVICE FUND – SERIES 2019 A-2	\$ _____
TOTAL ALL FUNDS	\$ _____

3. CONFLICTS. This Resolution is intended to amend, in part, Resolution 2022-07, which remains in full force and effect except as otherwise provided herein. All terms of Resolution 2022-07 that are not amended by this Resolution apply to the Adopted Annual Budget as if those terms were fully set forth herein. All District resolutions or parts thereof in actual conflict with this Resolution are, to the extent of such conflict, superseded and repealed.

4. SEVERABILITY. The invalidity or unenforceability of any one or more provisions of this Resolution shall not affect the validity or enforceability of the remaining portions of this Resolution, or any part thereof.

5. EFFECTIVE DATE. This Resolution shall take effect upon the passage and adoption of this Resolution by the Board.

Introduced, considered favorably, and adopted this 14th day of November, 2023.

ATTEST:

**BLACKBURN CREEK COMMUNITY DEVELOPMENT
DISTRICT**

Secretary/Assistant Secretary

Chairman/Vice Chairman

Exhibit A: Amended Fiscal Year 2022/2023 Budget

Exhibit A
Amended Fiscal Year 2022/2023 Budget

[See attached]

Blackburn Creek CDD
 FY2023 Proposed Amended O&M Budget

	FY 2023 Adopted Budget	Actual FY23	FY 2023 AMENDED Budget
<u>Revenues</u>			
On-Roll Assessments	\$ 144,755.00	\$135,958.40	\$ 144,755.00
Off-Roll Assessments	-	24,263.60	-
Carry Forward Revenue	102,787.07	102,787.07	102,787.07
Net Revenues	\$ 247,542.07	\$263,009.07	\$ 247,542.07
<u>General & Administrative Expenses</u>			
Supervisor Fees	\$ 12,000.00	\$12,000.00	\$ 12,000.00
Public Officials' Insurance	3,000.00	2,830.00	3,000.00
Trustee Services	16,000.00	16,773.03	16,000.00
Management	33,000.00	33,000.00	33,000.00
Engineering	10,000.00	7,483.28	9,000.00
Dissemination Agent	15,000.00	15,000.00	15,000.00
District Counsel	20,000.00	12,209.00	18,000.00
Assessment Administration	15,000.00	15,855.25	15,000.00
Reamortization Schedules	1,000.00	1,625.00	1,625.00
Audit	5,500.00	4,085.00	5,040.00
Arbitrage Calculation	1,000.00	3,500.00	3,200.00
Postage & Shipping	450.00	991.95	925.00
Legal Advertising	3,500.00	2,604.00	3,500.00
Bank Fees	250.00	-	250.00
Miscellaneous	200.00	390.00	360.00
Office Supplies	250.00	-	250.00
Web Site Maintenance	2,820.00	2,385.00	2,820.00
Dues, Licenses, and Fees	175.00	175.00	175.00
Stormwater Management	71,555.45	39,654.11	71,555.45
General Insurance	4,300.00	4,088.00	4,300.00
General Repair & Maintenance	1,875.00	-	1,875.00
Hardscape Maintenance	30,666.62	-	30,666.62
Total General & Administrative Expenses	\$ 247,542.07	\$ 174,648.62	\$ 247,542.07
Total Expenses	\$ 247,542.07	\$ 174,648.62	\$ 247,542.07
Net Income (Loss)	\$ -	\$ 88,360.45	\$ -

FY 2023 Adopted (net)	83.38
FY 2023 Adopted (gross)	88.70

**BLACKBURN CREEK COMMUNITY
DEVELOPMENT DISTRICT**

Resolution 2024-02,
Spending Resolution

RESOLUTION 2024-02

A RESOLUTION OF THE BOARD OF SUPERVISORS OF BLACKBURN CREEK COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING THE DISBURSEMENT OF FUNDS FOR PAYMENT OF CERTAIN RECCURRING EXPENSES WITHOUT PRIOR APPROVAL OF THE BOARD OF SUPERVISORS; AUTHORIZING THE DISBURSEMENT OF FUNDS FOR PAYMENT OF CERTAIN NON-RECURRING EXPENSES WITHOUT PRIOR APPROVAL OF THE BOARD OF SUPERVISORS; PROVIDING FOR A MONETARY THRESHOLD; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR CONFLICT AND AN EFFECTIVE DATE.

WHEREAS, Blackburn Creek Community Development District (“**District**”) is a local unit of special-purpose government created and existing pursuant to Chapter 190, Florida Statutes, being situated entirely within Sarasota County, Florida; and

WHEREAS, section 190.011(5), Florida Statutes, authorizes the District to adopt resolutions that may be necessary for the conduct of District business; and

WHEREAS, the District's Board of Supervisors (“**Board**”) meets as necessary to conduct the business of the District, including authorizing the payment of District operating and maintenance expenses; and

WHEREAS, the Board may establish monthly, quarterly, or other meeting/workshop dates, or may cancel scheduled meetings/workshops from time to time; and

WHEREAS, to conduct the business of the District in an efficient manner, recurring, non-recurring and other disbursements for goods and services must be processed and paid in a timely manner; and

WHEREAS, the Board determines that this Resolution is in the best interest of the District and necessary for the efficient conduct of District business; the health, safety, and welfare of the residents within the District; and the preservation of District assets or facilities.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF BLACKBURN CREEK COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. Recurring General Expenses: The Board hereby authorizes the payment of invoices of recurring expenses that meet the following requirements:

1. The invoices must be due on or before the next scheduled meeting of the Board.
2. The invoice must be pursuant to a contract or agreement authorized by the Board.
3. The total amount paid under such contract or agreement, including the current invoice, must be equal to or less than the amount specified in the contract or agreement.

4. The invoice amount will not cause payments to exceed the adopted budget of the District.

SECTION 2. Non-Recurring General Expenses: The Board hereby authorizes the disbursement of funds for payment of invoices of non-recurring expenses that are: 1) required to provide for the health, safety, and welfare of the residents within the District; or 2) required to repair, replace due to damage, control, or maintain a District facility or asset beyond the normal, usual, or customary maintenance required for such facility or assets, pursuant to the following schedule:

1. Non-Recurring Expenses less than \$5,000 - with approval of the Chair or District Manager.
2. Non-Recurring Expenses equal to or more than \$5,000 but no more than \$10,000 - with approval of the District Manager and Chair or Vice Chair in the Chair's absence.

SECTION 3. Ratification. Any payment made pursuant to the Resolution shall be submitted to the Board at the next scheduled meeting for approval and ratification.

SECTION 4. Severability. Should any sentence, section, clause, part, or provision of this Resolution be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of this Resolution as a whole, or any part thereof, other than the part declared invalid.

SECTION 5. Effective Date and Conflicts. This Resolution shall become effective immediately upon its adoption and shall amend and supersede any Resolutions in conflict therewith previously adopted by the Board.

PASSED AND ADOPTED this _____ day of _____, 2023.

ATTEST:

**BLACKBURN CREEK
COMMUNITY DEVELOPMENT
DISTRICT**

Secretary/Asst. Secretary

Chair / Vice Chair

**BLACKBURN CREEK COMMUNITY
DEVELOPMENT DISTRICT**

District Engineer Project Update

CS-X-1 and CS-X-2



CS-X1



CS-X2



CS-X2A



FES-1



CS-1



CS-3



Flow Way 3



CS-10A



FES-OA



FES-OB



FES-7



CS-49



CS-10A2



CS-10



CS-10 issue was not a skimmer. It was leftover plywood, seemingly from a previous erosion repair. Plywood was removed and area was confirmed for proper water flow.

CS-48



Culvert 1D



CS-23



CS-24



CS-31



CS-32



Control Structure A-2



CS-35



CS-41



Spillway 46



CS-46



CS-47



CS W-L



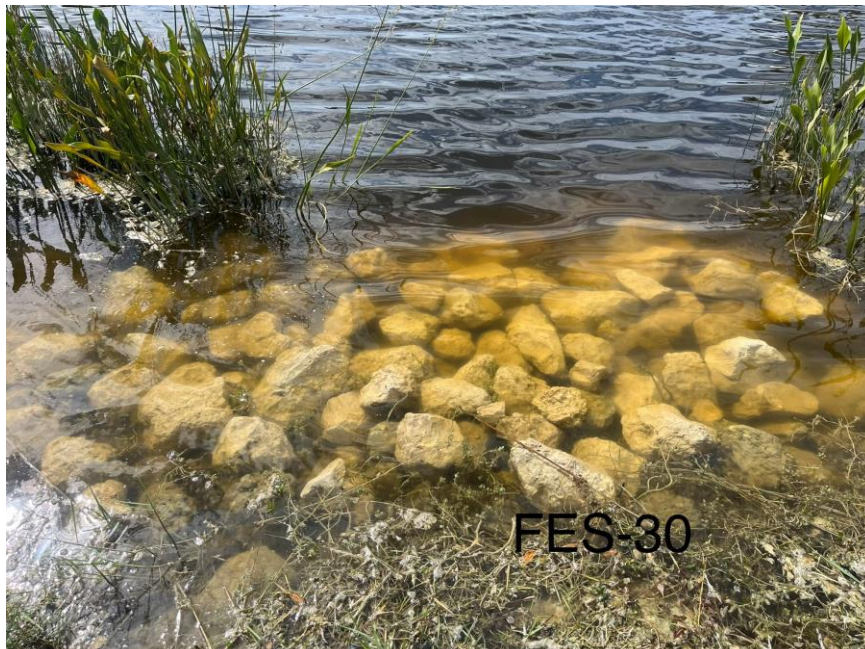
FES 13A

Approximately 0.5 cubic yard of limestone rip rap was added to sides and top of FES 13A. Water was roughly chest deep, too deep to get a picture.

Box Culvert 3B



FES-30



**BLACKBURN CREEK COMMUNITY
DEVELOPMENT DISTRICT**

Discussion Regarding HOA Turnover

**BLACKBURN CREEK COMMUNITY
DEVELOPMENT DISTRICT**

FY 2022 Audit Report

Blackburn Creek
Community Development District
ANNUAL FINANCIAL REPORT
September 30, 2022

Blackburn Creek Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2022

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Blackburn Creek Community Development District
Sarasota County, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of Blackburn Creek Community Development District (the "District"), as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Blackburn Creek Community Development District as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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; 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.

To the Board of Supervisors
Blackburn Creek Community Development District

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 one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.

Auditor's Responsibility 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 opinion. 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 and *Government Auditing Standards* 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 could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 judgement, 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.

To the Board of Supervisors
Blackburn Creek Community Development District

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 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 September 27, 2023 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 Blackburn Creek Community Development District's internal control over financial reporting and compliance.



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

September 27, 2023

**Blackburn Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Management's discussion and analysis of Blackburn Creek 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, physical environment and debt service.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major 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.

**Blackburn Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

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, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been 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, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliations are 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, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2022.

- ◆ The District's assets were exceeded by liabilities by \$(2,214,945) (net position). Net investment in capital assets, \$3,615,475, restricted net position, \$649,664 and unrestricted net position, \$(6,480,084).
- ◆ Governmental activities revenues totaled \$2,134,368, while governmental activities expenses totaled \$2,134,483.

**Blackburn Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

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

Net Position

	Governmental Activities	
	2022	2021
Current assets	\$ 148,082	\$ 149,244
Restricted assets	2,660,453	2,814,892
Capital assets	20,195,928	20,778,831
Total Assets	23,004,463	23,742,967
Current liabilities	1,104,378	987,767
Non-current liabilities	24,115,030	24,970,030
Total Liabilities	25,219,408	25,957,797
Net Position		
Net investment in capital assets	3,615,475	10,581,247
Restricted	649,664	1,120,906
Unrestricted	(6,480,084)	(13,916,983)
Total Net Position	\$ (2,214,945)	\$ (2,214,830)

The decrease in capital assets is related to current year depreciation.

The decrease in non-current liabilities is related to the principal payments in the current year.

**Blackburn Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

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.

Change In Net Position

	Governmental Activities	
	2022	2021
Program Revenues		
Charges for services	\$ 2,131,433	\$ 2,253,781
General Revenues		
Miscellaneous revenues	49	-
Investment income	2,886	152
Total Revenues	2,134,368	2,253,933
Expenses		
General government	121,286	113,108
Physical environment	658,776	631,276
Interest and other charges	1,354,421	1,396,593
Total Expenses	2,134,483	2,140,977
Conveyance of assets	-	(1,673,794)
Change in Net Position	(115)	(1,560,838)
Net Position - Beginning of Year	(2,214,830)	(653,992)
Net Position - End of Year	\$ (2,214,945)	\$ (2,214,830)

The decrease in charges for services is related to special assessment prepayments made in the prior year.

The decrease in conveyance of assets is related to the completion of the capital project in the prior year.

**Blackburn Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2022 and 2021.

	Governmental Activities	
	2022	2021
Capital assets, being depreciated:		
Infrastructure	\$ 22,395,839	\$ 22,347,466
Accumulated Depreciation	(2,199,911)	(1,568,635)
Total Capital Assets, Net	\$ 20,195,928	\$ 20,778,831

During the year, depreciation was \$631,276 and additions to infrastructure were \$48,373.

General Fund Budgetary Highlights

Actual expenditures were less than the final budget because there were lower legal and engineering fees than anticipated.

There were no amendments to the September 30, 2022 budget.

Debt Management

Governmental Activities debt includes the following:

- ◆ In March 2013, the District issued \$5,455,000 Series 2013A Special Assessment Revenue Bonds. These bonds were issued to finance a portion of the cost of the acquisition and construction of the Series 2013A Project. As of September 30, 2022, the balance outstanding was \$4,065,000.

- ◆ In October 2015, the District issued \$3,520,000 Series 2015A-1 Capital Improvement Revenue Bonds and \$5,245,000 Series 2015A-2 Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the cost of the acquisition and construction of certain improvements for the Series 2015A Project. As of September 30, 2022, the balance outstanding was \$3,690,000.

- ◆ In February 2018, the District issued \$9,715,000 Series 2018A-1 Capital Improvement Revenue Bonds and \$2,880,000 Series 2018A-2 Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the cost of the acquisition and construction of certain improvements for the 2018 Capital Improvement Plan, which constitutes a portion of the 2018 Project. As of September 30, 2022, the balance outstanding was \$10,539,000.

- ◆ In February 2019, the District issued \$3,295,000 Series 2019A-1 Capital Improvement Revenue Bonds and \$1,445,000 Series 2019A-2 Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the cost of the acquisition and construction of certain improvements for the 2019 Capital Improvement Plan, which constitutes a portion of the 2019 Project. As of September 30, 2022, the balance outstanding was \$4,530,000.

**Blackburn Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- ◆ In a prior year, the Developer advanced funds to the District to fund the construction of certain infrastructure within the District. This resulted in a long-term developer advance liability. The balance as of September 30, 2022, was \$1,833,030.

Economic Factors and Next Year's Budget

Blackburn Creek Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2023.

Request for Information

The financial report is designed to provide a general overview of Blackburn Creek Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Blackburn Creek Community Development District, PFM Group Consulting, LLC, 3501 Quadrangle Boulevard, Suite 270, Orlando, Florida 32817.

Blackburn Creek Community Development District
STATEMENT OF NET POSITION
September 30, 2022

	Governmental Activities
Assets	
Current Assets	
Cash	\$ 142,099
Accounts receivable	49
Interest receivable	713
Prepaid expenses	5,221
Total Current Assets	148,082
Non-Current Assets	
Restricted	
Investments	2,660,453
Capital assets, being depreciated	
Infrastructure	22,395,839
Accumulated depreciation	(2,199,911)
Total Non-Current Assets	22,856,381
Total Assets	23,004,463
Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	4,986
Bonds payable	542,000
Accrued interest	557,392
Total Current Liabilities	1,104,378
Non-Current Liabilities	
Notes payable	1,833,030
Bonds payable	22,282,000
Total Non-Current Liabilities	24,115,030
Total Liabilities	25,219,408
Net Position	
Net investment in capital assets	3,615,475
Restricted for debt service	649,664
Unrestricted net position	(6,480,084)
Total Net Position	\$ (2,214,945)

See accompanying notes to financial statements.

Blackburn Creek Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expenses) Revenues and Changes in Net Position Governmental Activities</u>
Governmental Activities			
General government	\$ (121,286)	\$ 119,356	\$ (1,930)
Physical environment	(658,776)	27,063	(631,713)
Interest and other charges	(1,354,421)	1,985,014	630,593
	<u>\$ (2,134,483)</u>	<u>\$ 2,131,433</u>	<u>(3,050)</u>
General Revenues			
Miscellaneous revenues			49
Investment income			2,886
Total General Revenues			<u>2,935</u>
Changes in Net Position			(115)
Net Position - October 1, 2021			<u>(2,214,830)</u>
Net Position - September 30, 2022			<u>\$ (2,214,945)</u>

See accompanying notes to financial statements.

Blackburn Creek Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 142,099	\$ -	\$ -	\$ 142,099
Accounts receivable	49	-	-	49
Accrued interest receivable	-	710	3	713
Prepaid expenses	5,221	-	-	5,221
Restricted Assets				
Investments	-	2,021,266	639,187	2,660,453
Total Assets	<u>\$ 147,369</u>	<u>\$ 2,021,976</u>	<u>\$ 639,190</u>	<u>\$ 2,808,535</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued expenses	\$ 4,986	\$ -	\$ -	\$ 4,986
Fund Balances				
Nonspendable - prepaid expenses	5,221	-	-	5,221
Restricted for debt service	-	2,021,976	-	2,021,976
Restricted for capital projects	-	-	639,190	639,190
Unassigned	137,162	-	-	137,162
Total Fund Balances	<u>142,383</u>	<u>2,021,976</u>	<u>639,190</u>	<u>2,803,549</u>
Total Liabilities and Fund Balances	<u>\$ 147,369</u>	<u>\$ 2,021,976</u>	<u>\$ 639,190</u>	<u>\$ 2,808,535</u>

See accompanying notes to financial statements.

Blackburn Creek Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2022

Total Governmental Fund Balances	\$ 2,803,549
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, infrastructure, \$22,395,839, net of accumulated depreciation, \$(2,199,911), used in governmental activities are not current financial resources, and therefore, are not reported at the fund level.	20,195,928
Long-term liabilities, including bonds payable, \$(22,824,000), and notes payable. \$(1,833,030) are not due and payable in the current period and therefore, are not reported at the fund level.	(24,657,030)
Accrued interest for long-term debt is not a current financial use and therefore, is not reported at the fund level.	<u>(557,392)</u>
Net Position of Governmental Activities	<u><u>\$ (2,214,945)</u></u>

See accompanying notes to financial statements.

Blackburn Creek Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	\$ 146,419	\$ 1,985,014	\$ -	\$ 2,131,433
Miscellaneous revenues	49	-	-	49
Investment income	723	2,130	33	2,886
Total Revenues	<u>147,191</u>	<u>1,987,144</u>	<u>33</u>	<u>2,134,368</u>
Expenditures				
Current				
General government	121,286	-	-	121,286
Physical environment	27,500	-	-	27,500
Capital outlay	-	-	48,373	48,373
Debt Service				
Principal	-	720,000	-	720,000
Interest	-	1,372,544	-	1,372,544
Total Expenditures	<u>148,786</u>	<u>2,092,544</u>	<u>48,373</u>	<u>2,289,703</u>
Net Change in Fund Balances	(1,595)	(105,400)	(48,340)	(155,335)
Fund Balances - October 1, 2021	<u>143,978</u>	<u>2,127,376</u>	<u>687,530</u>	<u>2,958,884</u>
Fund Balances - September 30, 2022	<u>\$ 142,383</u>	<u>\$ 2,021,976</u>	<u>\$ 639,190</u>	<u>\$ 2,803,549</u>

See accompanying notes to financial statements.

Blackburn Creek 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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	(155,335)
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 that depreciation, \$(631,276), exceeded capital outlay, \$48,373, the current period.		(582,903)
The repayment of long-term debt is recognized as an expenditure at the fund level, however, the repayment reduces liabilities at the government-wide level.		720,000
In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net amount between the prior year and current year accruals.		<u>18,123</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(115)</u>

See accompanying notes to financial statements.

Blackburn Creek Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 144,755	\$ 144,755	\$ 146,419	\$ 1,664
Investment income	-	-	723	723
Miscellaneous revenues	-	-	49	49
Total Revenues	<u>144,755</u>	<u>144,755</u>	<u>147,191</u>	<u>2,436</u>
Expenditures				
Current				
General government	143,255	143,255	121,286	21,969
Physical environment	<u>112,566</u>	<u>112,566</u>	<u>27,500</u>	<u>85,066</u>
Total Expenditures	<u>255,821</u>	<u>255,821</u>	<u>148,786</u>	<u>107,035</u>
Net Change in Fund Balances	(111,066)	(111,066)	(1,595)	109,471
Fund Balances - October 1, 2021	<u>111,066</u>	<u>111,066</u>	<u>143,978</u>	<u>32,912</u>
Fund Balances - September 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,383</u>	<u>\$ 142,383</u>

See accompanying notes to financial statements.

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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 November 9, 2010, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and by Ordinance 2010-070 of Sarasota County, Florida, as a Community Development District. The District expanded its boundaries in December 2014 and March 2018 by Sarasota County Ordinances 2014-094 and 2018-004. 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 district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of Blackburn Creek Community Development District. The District is governed by a five member Board of Supervisors. One of the Supervisors is affiliated with the Developer. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present Blackburn Creek 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, The Financial Reporting Entity, 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

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 special assessments and interest. 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 an other 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.

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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.

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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.

Debt service expenditures are recorded only when payment is due.

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.

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Fund – Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements.

Capital Projects Fund – Accounts for construction of infrastructure improvements within the District.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and improvements, and non-current governmental liabilities, such as general obligation bonds and due to developer be reported in the governmental activities column in the government-wide Statement of Net Position.

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.

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

a. Cash and Investments (Continued)

Cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

b. 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. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. A formal budget is adopted for the general fund. As a result, deficits in the budget columns of the accompanying financial statements may occur.

c. Capital Assets

Capital assets, which include infrastructure are reported in the governmental activities column.

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. The valuation basis for all assets is historical cost.

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. The estimated useful lives for infrastructure is 15-30 years.

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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, \$2,803,549, differs from “Net Position” of governmental activities, \$(2,214,945), 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.

Capital related items

When capital assets (land, buildings and 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 included those capital assets among the assets of the District as a whole.

Infrastructure	\$	22,395,839
Accumulated depreciation		(2,199,911)
Total		<u>\$ 20,195,928</u>

Long-term debt transactions

Governmental Activities long-term liabilities are not due and payable in the current period and are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2022 were:

Bonds payable	\$	(22,824,000)
Notes payable		(1,833,030)
Total		<u>\$ (24,657,030)</u>

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to the accrued interest on bonds.

Accrued interest	\$	<u>(557,392)</u>
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Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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

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

The “net change in fund balances” for government funds, \$(155,335), differs from the “change in net position” for governmental activities, \$(115), 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 as follows.

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 are capitalized and the cost is allocated over their estimated useful lives as depreciation. This is the current year depreciation.

Depreciation	\$ (631,276)
Capital outlay	48,373
Total	<u>\$ (582,903)</u>

Long-term debt transactions

The repayment of long-term debt is recognized as an expenditure at the fund level, However, the repayment reduces liabilities at the government-wide level.

Principal payments	\$ <u>720,000</u>
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Accrued interest

Interest is reported at the fund level when paid, however, at the government-wide level interest is reported as incurred. This is the change in accrued interest in the current year.

Accrued interest	\$ <u>18,123</u>
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Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

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 to it. 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, 2022, the District's bank balance was \$143,951 and the carrying value was \$142,099. Exposure to custodial credit risk was as follows: The District maintains 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.

Investments

As of September 30, 2022, the District had the following investments and maturities:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Money Market Funds	N/A	\$ 2,226,521
First American Government Obligations Fund	18 days*	433,932
Total		<u>\$ 2,660,453</u>

*Weighted Average Maturity

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that use the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the First American Government Obligation Fund listed above is a Level 1 asset.

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2022, the District's investment in First American Government Obligation Fund was rated AAAM by Standard & Poor's. The District's investment in Money Market Funds were not rated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in First American Government Obligation Fund are 16% and the Money Market Fund is 84% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2022 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Infrastructure	\$ 22,347,466	\$ 48,373	\$ -	\$ 22,395,839
Accumulated depreciation	(1,568,635)	(631,276)	-	(2,199,911)
Total Capital Assets, Net	<u>\$ 20,778,831</u>	<u>\$ (582,903)</u>	<u>\$ -</u>	<u>\$ 20,195,928</u>

Depreciation of \$631,276 was charged to physical environment.

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE E – LONG-TERM DEBT

The following is a summary of debt activity for the District for the period ended September 30, 2022:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022
<u>Governmental Activities:</u>				
Bonds payable:				
Series 2013A	\$ 4,225,000	\$ -	\$ (160,000)	\$ 4,065,000
Series 2015A-1	2,785,000	-	(70,000)	2,715,000
Series 2015A-2	995,000	-	(20,000)	975,000
Series 2018A-1	9,231,000	-	(314,000)	8,917,000
Series 2018A-2	1,708,000	-	(86,000)	1,622,000
Series 2019A-1	3,195,000	-	(50,000)	3,145,000
Series 2019A-2	1,405,000	-	(20,000)	1,385,000
Developer advance	1,833,030	-	-	1,833,030
Total Long-term Debt	\$ 25,377,030	\$ -	\$ (720,000)	\$ 24,657,030

District debt is comprised of the following at September 30, 2022:

<p>\$5,455,000 Series 2013A Special Assessment Revenue Bonds due in annual installments beginning May 2014 and maturing May 2043, with a fixed interest rate of 6.00%, payable each May 1 and November 1. Current portion is \$115,000.</p>	<p>\$ 4,065,000</p>
<p>\$3,520,000 Series 2015A-1 and \$5,245,000 Series 2015A-2 Capital Improvement Revenue Bonds due in annual installments beginning May 2016 and maturing through May 2045, with interest rates ranging from 6.25 to 6.50%, payable each May 1 and November 1. Current portions are \$55,000 and \$30,000, respectively.</p>	<p>3,690,000</p>
<p>\$9,715,000 Series 2018A-1 and \$2,880,000 Series 2018A-2 Capital Improvement Revenue Bonds due in annual installments beginning May 2019 and maturing through May 2048, with interest rates ranging from 5.25 to 5.90%, payable each May 1 and November 1. Current portions are \$215,000 and \$32,000, respectively.</p>	<p>10,539,000</p>
<p>\$3,295,000 Series 2019A-1 and \$1,445,000 Series 2019A-2 Capital Improvement Revenue Bonds due in annual installments beginning May 2020 and maturing through 2049, with interest rates ranging from 4.75 to 5.60%, payable each May 1 and November 1. Current portions are \$65,000 and \$30,000, respectively.</p>	<p>4,530,000</p>

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE E – LONG-TERM DEBT (CONTINUED)

\$1,833,030 long-term developer advances to fund the construction of infrastructure. 1,833,030

Long-term debt at September 30, 2022 \$ 24,657,030

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2022 are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 542,000	\$ 1,334,696	\$ 1,876,696
2024	452,000	1,307,223	1,759,223
2025	477,000	1,281,955	1,758,955
2026	513,000	1,255,305	1,768,305
2027	540,000	1,226,602	1,766,602
2028-2032	3,220,000	5,633,479	8,853,479
2033-2037	4,297,000	4,572,790	8,869,790
2038-2042	5,797,000	3,135,008	8,932,008
2043-2047	5,620,000	1,330,606	6,950,606
2048-2049	1,366,000	96,138	1,462,138
Totals	<u>\$ 22,824,000</u>	<u>\$ 21,173,802</u>	<u>\$ 43,997,802</u>

Significant Bond Provisions

The Series 2013A, 2015A-1, 2015A-2, 2018A-1, 2018A-2, 2019A-1, and 2019A-2 Bonds are subject to redemption at the option of the District prior to their maturity. The Series 2013A, 2015A-1, 2015A-2, 2018A-1, 2018A-2, 2019A-1, and 2019A-2 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Trust Indentures established certain amounts be maintained in a reserve account. In addition, the Trust Indentures have certain restrictions and requirements relating principally to the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE E – LONG-TERM DEBT (CONTINUED)

Depository Funds

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Funds – The Series 2013A Reserve Account is required to maintain an amount equal to 50% of the maximum annual debt service of the Series 2013A Bonds. The Series 2015A-1 Reserve Account is required to maintain an amount equal the maximum annual debt service requirement of the Series 2015A-1 Bonds until, upon Substantial Absorption (indicating at least 90% of the then outstanding principal amount of the Series 2015A-1 Bonds are levied on lands within the District), the Reserve Account balance is reduced to 50% of the maximum annual debt service requirement of the Series 2015A-1 Bonds. The Series 2015A-2 Reserve Account is required to maintain an amount equal to the maximum annual debt service of the Series 2015A-2 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

The following is a schedule of required reserve balances as of September 30, 2022:

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Special Assessment Revenue Bonds, Series 2013A	\$ 171,575	\$ 170,975
Capital Improvement Revenue Bonds, Series 2015A-1	\$ 228,000	\$ 228,000
Capital Improvement Revenue Bonds, Series 2015A-2	\$ 82,344	\$ 81,406

The Series 2018A-1, 2019A-1, and 2019A-2 Reserve Accounts shall not exceed 50% of the maximum annual debt service requirement of the respective Bonds. As of September 30, 2022, the reserve balance for the Series 2019A-1 and 2019A-2 was \$91,809. As of September 30, 2022, the maximum reserve account balance for the Series 2019A-1 and 2019A-2 was \$112,921 and \$50,800, respectively. As of September 30, 2022, the reserve balance for the Series 2018A-1 was \$242,730. As of September 30, 2022, the maximum reserve account balance for the Series 2018A-1 was \$331,283. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

NOTE F – RELATED PARTY TRANSACTIONS

One members of the Board of Supervisors is affiliated with the Developer or a related entity. The District received \$32,189 in off-roll assessments to the General Fund from the Developer for the year ended September 30, 2022.

The Developer has also agreed to fund certain debt service costs related to the Bonds which is not paid through other revenues. During the year ended September 30, 2022, the Developer provided \$533,440 to the Debt Service Fund.

Blackburn Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE G – ECONOMIC DEPENDENCY

The Developer owns a significant portion of land within the District. 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 H – 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 for which the government carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

NOTE I – SUBSEQUENT EVENT

On November 1, 2022, the District made prepayments of \$15,000 on the Series 2013A Bonds, \$10,000 on the Series 2015A-2 Bonds, \$60,000 on the Series 2018A-1 Bonds, \$5,000 on the Series 2018A-2 Bonds, \$10,000 on the Series 2019A-1 Bonds, and \$5,000 on the Series 2019A-2 Bonds.

On February 1, 2023, the District made a prepayment of \$15,000 on the Series 2018A-2 Bonds.

On May 1, 2023, the District made prepayments of \$60,000 on the Series 2018A-1 Bonds, \$10,000 on the Series 2018A-2 Bonds, and \$55,000 on the Series 2019A-1 Bonds.



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

To the Board of Supervisors
Blackburn Creek Community Development District
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, as listed in the table of contents, of Blackburn Creek Community Development District, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated September 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Blackburn Creek Community Development District's internal control over financial reporting (internal control) as a basis for designing 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 Blackburn Creek Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Blackburn Creek Community Development 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 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 have not been identified.

To the Board of Supervisors
Blackburn Creek Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blackburn Creek 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 PL
Fort Pierce, Florida

September 27, 2023



Berger, Toombs, Elam, Gaines & Frank

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MANAGEMENT LETTER

To the Board of Supervisors
Blackburn Creek Community Development District
Sarasota County, Florida

Report on the Financial Statements

We have audited the financial statements of Blackburn Creek Community Development District as of and for the year ended September 30, 2022, and have issued our report thereon dated September 27, 2023.

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 September 27, 2023, 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 prior financial audit report.

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 Blackburn Creek 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 Blackburn Creek Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Supervisors
Blackburn Creek Community Development District

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Blackburn Creek Community Development District. It is management's responsibility to monitor the Blackburn Creek 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, 2022.

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.

Specific Information

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, Blackburn Creek Community Development District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: 5
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 0
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$12,000
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$0
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2021, together with the total expenditures for such project: None.
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was not amended.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, Blackburn Creek Community Development District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District. General Fund, 8.43%, Debt Service Fund 8.67% - 35.13%.
- 2) The amount of special assessments collected by or on behalf of the District: Total special assessments collected was \$2,131,433.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2013 Bonds, \$4,065,000 maturing in May 2043, Series 2015 Bonds, \$3,690,000, maturing May 2045, Series 2018 Bonds, \$10,539,000, maturing May 2048 and Series 2019 Bonds, \$4,530,000, maturing May 2049.

To the Board of Supervisors
Blackburn Creek Community Development District

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

September 27, 2023



**Berger, Toombs, Elam,
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**INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
Blackburn Creek Community Development District
Sarasota County, Florida

We have examined Blackburn Creek Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2022. Management is responsible for Blackburn Creek Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Blackburn Creek Community Development 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 and, accordingly, included examining, on a test basis, evidence about Blackburn Creek Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Blackburn Creek Community Development District's compliance with the specified requirements.

In our opinion, Blackburn Creek Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2022.

*Berger Toombs Elam
Gaines + Frank*

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

September 27, 2023

**BLACKBURN CREEK COMMUNITY
DEVELOPMENT DISTRICT**

FY 2023 Audit Engagement Letter



Berger, Toombs, Elam, Gaines & Frank

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August 29, 2023

Blackburn Creek Community Development District
PFM Group Consulting, LLC
3501 Quadrangle Blvd, Suite 270
Orlando, FL 32817

The Objective and Scope of the Audit of the Financial Statements

You have requested that Berger, Toombs, Elam, Gaines and Frank (“we”) audit the financial statements of Blackburn Creek Community Development District, (the “District”), which comprise governmental activities and each major fund as of and for the year ended September 30, 2023, which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter for the year ending September 30, 2023.

The objectives of our audit 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 opinion. 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 auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. 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.

The Responsibilities of the Auditor

We will conduct our audit in accordance with (GAAS). Those standards require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Fort Pierce / Stuart

Blackburn Creek Community Development District
August 29, 2023
Page 2

- 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, 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 the reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants and Generally Accepted Governmental Auditing Standards.

Blackburn Creek Community Development District
August 29, 2023
Page 3

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Management is responsible for:

1. Identifying and ensuring that the District complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

The Board is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

Our audit will be conducted on the basis that management acknowledges and understands that it has responsibility:

1. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
2. For the design, implementation and maintenance of internal control relevant to the preparations of fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
3. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including information relevant to disclosures;
 - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed to allowed for the completion of the audit in accordance with the proposed timeline;

Blackburn Creek Community Development District
August 29, 2023
Page 4

- c. Additional information that we may request from management for the purpose of the audit; and
- d. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this engagement letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Reporting

We will issue a written report upon completion of our audit of Cedar Point Community Development District's financial statements. Our report will be addressed to the Board of Cedar Point Community Development District. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

Records and Assistance

During the course of our engagement, we may accumulate records containing data that should be reflected in the of Cedar Point Community Development District books and records. The District will determine that all such data, if necessary, will be so reflected. Accordingly, the District will not expect us to maintain copies of such records in our possession.

The assistance to be supplied, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Vivian Carvalho. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report, which must be completed and filed with the Auditor General within nine (9) months after the end of the fiscal year. If the information is timely provided, the District shall receive a draft by May 15, 2024, and if the draft is timely reviewed by Management, the District shall receive the final audit by June 15, 2024.

Other Relevant Information

In accordance with Government Auditing Standards, a copy of our most recent peer review report has been provided to you, for your information.

Blackburn Creek Community Development District
August 29, 2023
Page 5

Either party may unilaterally terminate this agreement, with or without cause, upon sixty (60) days written notice subject to the condition that the District will pay all invoices for services rendered prior to the date of termination.

Fees, Costs and Access to Workpapers

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Invoices for fees will be submitted in sufficient detail to demonstrate compliance with the terms of this engagement. Billings are due upon submission. Our fee for the services described in this letter for the year ending September 30, 2023 will not exceed \$4,085, unless the scope of the engagement is changed, the assistance which of Blackburn Creek Community Development District has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding. All other provisions of this letter will survive any fee adjustment.

In the event we are requested or authorized by of Blackburn Creek Community Development District or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for of Blackburn Creek Community Development District, of Blackburn Creek Community Development District will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The audit documentation for this engagement is the property of Berger, Toombs, Elam, Gaines, & Frank and constitutes confidential information. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency.

Access to requested documentation will be provided under the supervision of Berger, Toombs, Elam, Gaines, & Frank audit personnel and at a location designated by our Firm.

Blackburn Creek Community Development District
August 29, 2023
Page 6

Information Security – Miscellaneous Terms

Berger, Toombs, Elam, Gaines & Frank is committed to the safe and confidential treatment of Blackburn Creek Community Development District's proprietary information. Berger, Toombs, Elam, Gaines & Frank is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. Blackburn Creek Community Development District agrees that it will not provide Berger, Toombs, Elam, Gaines & Frank with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of Blackburn Creek Community Development District's information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

If any term or provision of this engagement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Because Berger, Toombs, Elam, Gaines & Frank will rely on of Blackburn Creek Community Development District and its management and Board of Supervisors to discharge the foregoing responsibilities, Blackburn Creek Community Development District holds harmless and releases Berger, Toombs, Elam, Gaines & Frank, its partners, and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a known misrepresentation by a member of Blackburn Creek Community Development District's management, which has caused, in any respect, Berger, Toombs, Elam, Gaines & Frank's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

This letter constitutes the complete and exclusive statement of agreement between Berger, Toombs, Elam, Gaines, & Frank and of Blackburn Creek Community Development District, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.



Blackburn Creek Community Development District
August 29, 2023
Page 7

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Sincerely,

*Berger Toombs Elam
Gaines + Frank*

BERGER, TOOMBS, ELAM, GAINES & FRANK
J. W. Gaines, CPA

Confirmed on behalf of the addressee:



6815 Dairy Road
Zephyrhills, FL 33542

813.788.2155
BodinePerry.com

Report on the Firm's System of Quality Control

To the Partners of
Berger, Toombs, Elam, Gaines & Frank, CPAs, PL
and the Peer Review Committee of the Florida Institute of Certified Public Accountants

November 30, 2022

We have reviewed the system of quality control for the accounting and auditing practice of Berger, Toombs, Elam, Gaines & Frank, CPAs, PL (the firm), in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control, and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Berger, Toombs, Elam, Gaines & Frank, CPAs, PL, in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Berger, Toombs, Elam, Gaines & Frank, CPAs, PLC, has received a peer review rating of *pass*.



Bodine Perry

(BERGER_REPORT22)

**ADDENDUM TO ENGAGEMENT LETTER
BLACKBURN CREEK COMMUNITY DEVELOPMENT DISTRICT
DATED AUGUST 29, 2023**

Public Records. Auditor shall, pursuant to and in accordance with Section 119.0701, Florida Statutes, comply with the public records laws of the State of Florida, and specifically shall:

- a. Keep and maintain public records required by the District to perform the services or work set forth in this Agreement; and
- b. Upon the request of the District's custodian of public records, provide the District with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or as otherwise provided by law; and
- c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the Agreement if the Auditor does not transfer the records to the District; and
- d. Upon completion of the Agreement, transfer, at no cost to the District, all public records in possession of the Auditor or keep and maintain public records required by the District to perform the service or work provided for in this Agreement. If the Auditor transfers all public records to the District upon completion of the Agreement, the Auditor shall destroy any duplicate public records that are exempt or confidential and exempt from public disclosure requirements. If the Auditor keeps and maintains public records upon completion of the Agreement, the Auditor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the District, upon request from the District's custodian of public records, in a format that is compatible with the information technology systems of the District.

Auditor acknowledges that any requests to inspect or copy public records relating to this Agreement must be made directly to the District pursuant to Section 119.0701(3), Florida Statutes. If notified by the District of a public records request for records not in the possession of the District but in possession of the Auditor, the Auditor shall provide such records to the District or allow the records to be inspected or copied within a reasonable time. Auditor acknowledges that should Auditor fail to provide the public records to the District within a reasonable time, Auditor may be subject to penalties pursuant to Section 119.10, Florida Statutes.

IF THE AUDITOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE AUDITOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT/CONTRACT, THE AUDITOR MAY CONTACT THE CUSTODIAN OF PUBLIC RECORDS FOR THE DISTRICT AT:

**PFM GROUP CONSULTING, LLC
3501 QUADRANGLE BLVD, SUITE 270
ORLANDO, FL 32817
TELEPHONE: 407-382-3256**

Auditor:  _

**District: Blackburn Creek
Community Development District**

Title: Director

Title: _____

Date: August 29, 2023

Date: _____

**BLACKBURN CREEK COMMUNITY
DEVELOPMENT DISTRICT**

Reserve Study

Blackburn Creek Community Development

September 6, 2023 • Venice, FL

FULL RESERVE STUDY



Blackburn Creek Community Development District
Venice, Florida

Dear Board of Directors of Blackburn Creek Community Development District:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Blackburn Creek Community Development District in Venice, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, September 6, 2023.

This *Full Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a “Level I Full Reserve Study.”

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Blackburn Creek Community Development District plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on October 4, 2023 by

Reserve Advisors, LLC

Visual Inspection and Report by: Tyler Thompson

Review by: Christopher C. DeWall, RS¹, PRA², Vice President of Product Development



¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.



NEW TO RESERVE STUDIES?



**ACCESS OUR
QUICK START GUIDE**



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Blackburn Creek Community Development District (Blackburn Creek)

Location: Venice, Florida

Reference: 231884

Property Basics: Blackburn Creek Community Development District is a master Community Development District which is responsible for the common elements shared by 1,736 units. The community was built in 2010.

Reserve Components Identified: Four Reserve Components.

Inspection Date: September 6, 2023.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2052 due to the replacement of the concrete curbs and gutters.

Methodology: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 2.0% anticipated annual rate of return on invested reserves
- 3.5% future Inflation Rate for estimating Future Replacement Costs

Sources for Local Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Unaudited Cash Status of Reserve Fund:

- \$30,666 as of July 31, 2023
- The District did not budget Reserve Contributions in 2023.
- A potential deficit in reserves might occur by 2027 based upon continuation of the most recent annual reserve contribution of \$0 and the identified Reserve Expenditures.

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the **Reserve Expenditures** tables and include a **Five-Year Outlook** table following the **Reserve Funding Plan** in Section 3. We recommend the District prioritize the following projects in the next five years based on the conditions identified:

- Inspections and cleanings of the storm water management system pipes

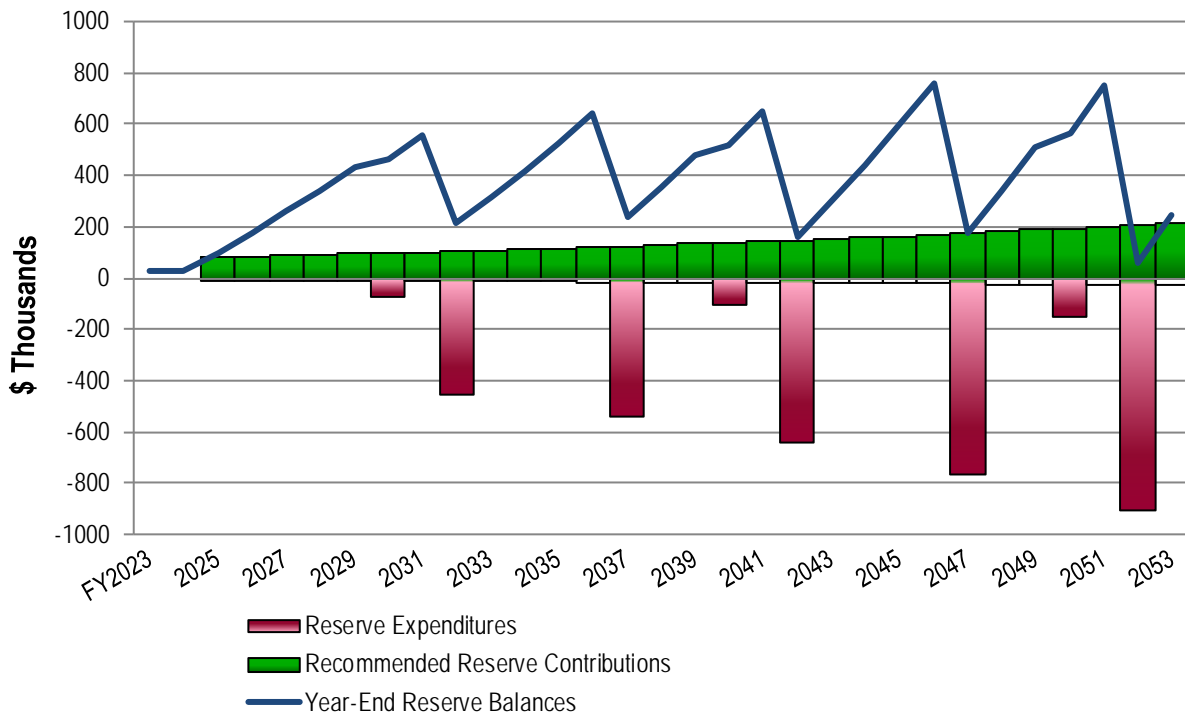
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Increase to \$82,000 in 2025
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- Initial recommended adjustment in Reserve Contributions of \$82,000 represents an average monthly increase of \$3.94 per homeowner and about a seventeen percent (17.4%) adjustment in the 2024 total Operating Budget of \$470,010.



Blackburn Creek Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2024	000 (Budgeted)	31,279	2034	111,900	418,447	2044	157,900	443,235
2025	82,000	99,916	2035	115,800	528,512	2045	163,400	595,606
2026	84,900	176,465	2036	119,900	644,385	2046	169,100	756,028
2027	87,900	257,184	2037	124,100	734,331	2047	175,000	871,493
2028	91,000	342,242	2038	128,400	831,781	2048	181,100	952,606
2029	94,200	431,813	2039	132,900	934,681	2049	187,400	1,007,006
2030	97,500	526,313	2040	137,600	1,043,081	2050	194,000	1,091,006
2031	100,900	627,213	2041	142,400	1,157,681	2051	200,800	1,161,806
2032	104,400	734,613	2042	147,400	1,277,081	2052	207,800	1,209,606
2033	108,100	849,713	2043	152,600	1,401,481	2053	215,100	1,224,806





2. RESERVE STUDY REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of

Blackburn Creek Community Development District

Venice, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, September 6, 2023.

We present our findings and recommendations in the following report sections and spreadsheets:

- **Identification of Property** - Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures** - Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan** - Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Five-Year Outlook** - Identifies reserve components and anticipated reserve expenditures during the first five years
- **Reserve Component Detail** - Describes the reserve components, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology** - Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions** - Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions** - Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY



Our investigation includes Reserve Components or property elements as set forth in your Declaration. The Expenditure tables in Section 3 list the elements contained in this study. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement.

Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or Homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the District and through conversations with Management and the Board. These classes of property include:

- Reserve Components
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Homeowners
- Property Maintained by Others

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

- Blackburn Creek responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements – These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic

updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from the 30-year Reserve Expenditures at this time:

- Inlet/Outlet Structures, Concrete, Storm Water Management System
- Pipes, Subsurface Utilities, Storm Water Management System



Culvert overview



Control structure overview

Operating Budget - Provides money for the repair and replacement of certain Reserve Components. The District may develop independent criteria for use of operating and reserve funds. For purposes of calculating appropriate Reserve Contributions, we identify the following list of Operating Budget Funded Repairs and Replacements:

- General Maintenance to the Common Elements
- Expenditures less than \$5,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Landscape, Maintenance, Stormwater Management System Locations
- Other Repairs normally funded through the Operating Budget

Homeowners' Responsibility - Items designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to unit:

- Homes and Lots

Others' Responsibility - Items designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Asphalt Pavement (Grand Palm Homeowners Association)
- Clubhouse and Amenity Areas (Grand Palm Homeowners Association)
- Ponds, Aerators (Grand Palm Homeowners Association)
- Ponds, Erosion Control (Grand Palm Homeowners Association)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
 - useful life
 - remaining useful life
- 2023 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end
- Predicted reserves based on current funding level

Five-Year Outlook

- Line item numbers
- Reserve component inventory of only the expenditures anticipated to occur within the first five years
- Schedule of estimated future costs for each reserve component anticipated to occur within the first five years

The purpose of a Reserve Study is to provide an opinion of reasonable annual Reserve Contributions. Prediction of exact timing and costs of minor Reserve Expenditures typically will not significantly affect the 30-year cash flow analysis. Adjustments to the times and/or costs of expenditures may not always result in an adjustment in the recommended Reserve Contributions.

Financial statements prepared by your district, by you or others might rely in part on information contained in this section. For your convenience, we have provided an electronic data file containing the tables of ***Reserve Expenditures*** and ***Reserve Funding Plan***.

RESERVE EXPENDITURES

**Blackburn Creek
Community Development District**
Venice, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
						Useful	Remaining	Unit (2023)	Per Phase (2023)	Total (2023)																
4.100	314	79	Each	Catch Basins, Inspections and Capital Repairs, Phased	2032	15 to 20	9 to 24	650.00	51,025	204,100	12.5%				98,096				116,507						138,374	
4.110	212,500	6,380	Linear Feet	Concrete Curbs and Gutters, Partial	2032	to 65	9 to 30+	43.00	274,340	9,137,500	67.4%				527,419				626,408						743,977	
4.651	1	1	Allowance	Storm Water Management System, Control Structure Repairs	2030	to 10	7	50,000.00	50,000	50,000	6.9%		89,734										126,578			
4.652	1	1	Allowance	Storm Water Management System, Inspections and Cleanings	2025	to 5	2 to 6	10,000.00	10,000	10,000	13.0%	17,340	17,947	18,575	19,225	19,898	20,594	21,315	22,061	22,833	23,632	24,460	25,316	26,202	27,119	28,068
		1	Allowance	Reserve Study Update with Site Visit	2025	to 2	2	3,950.00	3,950	3,950	0.1%															
Anticipated Expenditures, By Year (\$4,028,709 over 30 years)												17,340	107,681	18,575	644,740	19,898	20,594	21,315	22,061	765,748	23,632	24,460	151,894	26,202	909,470	28,068

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Blackburn Creek

Community Development District

Venice, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	(Note 1)	N/A	30,666	31,279	99,916	176,465	257,184	342,242	431,813	461,824	559,670	214,669	313,896	418,447	528,512	644,385	234,331
Total Recommended Reserve Contributions	(Note 2)	N/A	0	82,000	84,900	87,900	91,000	94,200	97,500	100,900	104,400	108,100	111,900	115,800	119,900	124,100	128,400
Estimated Interest Earned, During Year	(Note 3)	N/A	613	1,299	2,736	4,294	5,935	7,664	8,848	10,114	7,667	5,233	7,251	9,376	11,613	8,700	5,803
Anticipated Expenditures, By Year		N/A	0	(14,662)	(11,087)	(11,475)	(11,877)	(12,293)	(76,337)	(13,168)	(457,068)	(14,106)	(14,600)	(15,111)	(15,640)	(542,854)	(16,753)
Anticipated Reserves at Year End		<u>\$30,666</u>	<u>\$31,279</u>	<u>\$99,916</u>	<u>\$176,465</u>	<u>\$257,184</u>	<u>\$342,242</u>	<u>\$431,813</u>	<u>\$461,824</u>	<u>\$559,670</u>	<u>\$214,669</u>	<u>\$313,896</u>	<u>\$418,447</u>	<u>\$528,512</u>	<u>\$644,385</u>	<u>\$234,331</u>	<u>\$351,781</u>
Predicted Reserves based on 2024 funding level of:	\$0	30,666	31,279	17,096	6,240	(5,225)	(17,325)										

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

		2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year		351,781	475,532	515,261	650,629	161,328	298,584	443,235	595,606	756,028	174,493	337,026	508,336	561,030	748,595	54,880
Total Recommended Reserve Contributions		132,900	137,600	142,400	147,400	152,600	157,900	163,400	169,100	175,000	181,100	187,400	194,000	200,800	207,800	215,100
Estimated Interest Earned, During Year		8,191	9,810	11,543	8,039	4,554	7,345	10,286	13,383	9,213	5,065	8,370	10,588	12,967	7,955	2,968
Anticipated Expenditures, By Year		(17,340)	(107,681)	(18,575)	(644,740)	(19,898)	(20,594)	(21,315)	(22,061)	(765,748)	(23,632)	(24,460)	(151,894)	(26,202)	(909,470)	(28,068)
Anticipated Reserves at Year End		<u>\$475,532</u>	<u>\$515,261</u>	<u>\$650,629</u>	<u>\$161,328</u>	<u>\$298,584</u>	<u>\$443,235</u>	<u>\$595,606</u>	<u>\$756,028</u>	<u>\$174,493</u>	<u>\$337,026</u>	<u>\$508,336</u>	<u>\$561,030</u>	<u>\$748,595</u>	<u>\$54,880</u>	<u>\$244,880</u>
															(NOTE 5)	(NOTE 4)

Explanatory Notes:

- 1) Year 2023 year end reserves are projected by Management and the Board as of July 31, 2023; FY2024 starts January 1, 2024 and ends December 31, 2024.
- 2) Reserve Contributions for 2023 are the remaining budgeted 5 months; 2024 is budgeted; 2025 is the first year of recommended contributions.
- 3) 2.0% is the estimated annual rate of return on invested reserves; 2023 is a partial year of interest earned.
- 4) Accumulated year 2053 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

RESERVE EXPENDITURES

**Blackburn Creek
Community Development District**
Venice, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
4.652	Storm Water Management System, Inspections and Cleanings			10,712	11,087	11,475	11,877
Reserve Study Update with Site Visit				3,950			
Anticipated Expenditures, By Year (\$4,028,709 over 30 years)		0	0	14,662	11,087	11,475	11,877

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Full Reserve Study* includes enhanced solutions and procedures for select significant components. This section describes the Reserve Components, documents specific problems and condition assessments, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. *However, the Report in whole or part is not and should not be used as a design specification or design engineering service.*

Catch Basins

Line Item: 4.100

Quantity: Approximately 314 catch basins¹

History: Original

Condition: Good overall



Catch basin



Catch basin

¹ We utilize the terminology catch basin to refer to all storm water collection structures including curb inlets.



Catch basin



Catch basin



Catch basin

Useful Life: The useful life of catch basins is up to 65 years. However, achieving this useful life usually requires interim capital repairs or partial replacements every 15- to 20-years.

Component Detail Notes: Erosion causes settlement around the collar of catch basins. Left unrepaired, the entire catch basin will shift and need replacement.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair any settlement and collar cracks
 - Ensure proper drainage and inlets are free of debris
 - If property drainage is not adequate in heavy rainfall events, typically bi-annual cleaning of the catch basins is recommended

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the District plan for inspections and capital repairs to the catch basins in conjunction with repaving.

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 212,500 linear feet

Condition: Good to fair overall with isolated spalled concrete evident.



Concrete gutter



Concrete gutter



Concrete curb



Concrete gutter



Concrete spalls



Concrete gutter

Useful Life: Up to 65 years although interim deterioration of areas is common

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair major cracks, spalls and trip hazards
 - Mark with orange safety paint prior to replacement or repair
 - Repair or perform concrete leveling in areas in immediate need of repair or possible safety hazard

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 31,900 linear feet of curbs and gutters, or fifteen percent (15%) of the total, will require replacement during the next 30 years.

Storm Water Management System

Line Item: 4.651 and 4.652

History: Original. The District has conducted partial cleanings of the storm water management pipes.

Condition: Reported satisfactory



Control structure overview – South Clubhouse



Control structure overview – Palatka Dr.



Control structure overview – Aucilla Dr.



Culvert overview – North Clubhouse



Culvert overview – North Clubhouse



Control structure with debris – Sagewood Dr.

Useful Life: The useful life of the subsurface storm water management pipes is considered to be up to 80 years and beyond. However, we expect the District to fund for inspections and cleanings of the subsurface storm water management pipes up to every



five years. We also include an allowance of repairs to the control structures up to every 10 years.

Component Detail Notes: The District is responsible for the subsurface storm water management pipes that are interconnecting from the catch basins to the ponds and conservation areas. Along with the subsurface utility pipes, the District is responsible for the control structures, spillways, and culverts that tie in to the storm water management system.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost for the inspections and cleanings of the system is based on information provided by the Community Development District.

Reserve Study Update

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the study is conducted that may result in significant overfunding or underfunding the reserve account. Variables that may affect the Reserve Funding Plan include, but are not limited to:

- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate
- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions
- Technological advancements

Periodic updates incorporate these variable changes since the last Reserve Study or Update. The District can expense the fee for an Update with site visit from the reserve account. This fee is included in the Reserve Funding Plan. We base this budgetary amount on updating the same property components and quantities of this Reserve Study report. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

5.METHODOLOGY

Reserves for replacement are the amounts of money required for future expenditures to repair or replace Reserve Components that wear out before the entire facility or project wears out. Reserving funds for future repair or replacement of the Reserve Components is also one of the most reliable ways of protecting the value of the property's infrastructure and marketability.

Blackburn Creek can fund capital repairs and replacements in any combination of the following:

1. Increases in the operating budget during years when the shortages occur
2. Loans using borrowed capital for major replacement projects
3. Level monthly reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future expenditures
4. Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the District were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Homeowners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level I Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Venice, Florida at an annual inflation rate³. Isolated or regional markets of greater

¹ Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

² See Credentials for additional information on our use of published sources of cost data.

³ Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of Blackburn Creek and their effects on remaining useful lives
- Financial information provided by the District pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions.



6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long-range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelor's degrees in engineering dedicated to Reserve Study services. Our founders are also founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our founders is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and historical analyses are keys to determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to a 2,600,000-square foot 98-story highrise. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

We're familiar with all types of building exteriors as well. Our well-versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

OLD TO NEW

Reserve Advisors' experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.

TYLER D. THOMPSON
Responsible Advisor

CURRENT CLIENT SERVICES

Tyler Thompson, a Mechanical Engineer, is an Advisor for Reserve Advisors. Mr. Thompson is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations.



The following is a partial list of clients served by Tyler Thompson demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Landings South Condominium Association, Inc. – Located on the inter-coastal of North Palm Beach, Florida, this five-story and 35-unit midrise contains concrete exteriors and a built-up flat roof. The Association, built in 1969, also maintains a pool and dock.

The Gates at Quail Hollow Homeowners' Association, Ltd. – Located in Charlotte, North Carolina, this townhome community has 38 buildings comprised of 174 units. The community has a clubhouse and pool with full amenities. The exteriors of the townhomes are built with wood siding and asphalt shingle roofs.

Spinnaker Bay at the Waterways Condominium Association, Inc. – This midrise, built in 1986, is a two-building, four-story condo with 48-units located in Fort Lauderdale, Florida. The buildings contain unique open breezeways surrounding a spacious atrium in the center. The property also includes a full clubhouse and amenity area.

Schooner Cove Condominium Owners Association, Inc. – A 249-unit, 83-building townhome association in Tampa, Florida that includes multiple funding plans. The community has a clubhouse with full amenities including a pool, spa, and exercise room.

Windsor Oaks Condominiums, Inc. – A 156-unit, 39-building townhome association located in Charlotte, North Carolina. The townhomes in this community consist of a masonry façade with asphalt shingle roofs. The community is also equipped with a clubhouse and pool. Due to the complexity of the terrain, the community is responsible for many retaining walls providing support for many of the buildings.

Grand Oaks Master Association, Inc. – In the north suburbs of Tampa, Florida, this 577 home master association includes a full amenity clubhouse with a large playground, basketball courts, and pool area.

Edgewater Walk II on Harbour Isle, A Condominium Association, Inc. &

Mangrove Walk on Harbour Isle, A Condominium Association, Inc. – These two gated sister communities sit on Perico Island in Bradenton, Florida. The coastal associations include third floor look-out towers and complex balconies. The exteriors have fiber cement siding and concrete tile roofing systems.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, LLC, Mr. Thompson was a Product Engineer for a specialty valve manufacturer. He was responsible for processing sales orders through the engineering department by creating bill of materials. This would include designing and drafting various parts and assemblies for the shop and creating processes to streamline production.

EDUCATION

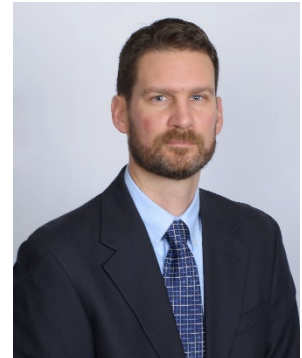
University of Illinois at Chicago (UIC) - B.S. Mechanical Engineering

ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

Alan M. Ebert, a Professional Engineer, is the Director of Quality Assurance for Reserve Advisors. Mr. Ebert is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Mr. Ebert has been involved with thousands of Reserve Study assignments. The following is a partial list of clients served by Alan Ebert demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.



Brownsville Winter Haven Located in Brownsville, Texas, this unique homeowners association contains 525 units. The Association maintains three pools and pool houses, a community and management office, landscape and maintenance equipment, and nine irrigation canals with associated infrastructure.

Rosemont Condominiums This unique condominium is located in Alexandria, Virginia and dates to the 1940's. The two mid-rise buildings utilize decorative stone and brick masonry. The development features common interior spaces, multi-level wood balconies and common asphalt parking areas.

Stillwater Homeowners Association Located in Naperville, Illinois, Stillwater Homeowners Association maintains four tennis courts, an Olympic sized pool and an upscale ballroom with commercial-grade kitchen. The community also maintains three storm water retention ponds and a detention basin.

Birchfield Community Services Association This extensive Association comprises seven separate parcels which include 505 townhome and single family homes. This Community Services Association is located in Mt. Laurel, New Jersey. Three lakes, a pool, a clubhouse and management office, wood carports, aluminum siding, and asphalt shingle roofs are a few of the elements maintained by the Association.

Oakridge Manor Condominium Association Located in Londonderry, New Hampshire, this Association includes 104 units at 13 buildings. In addition to extensive roads and parking areas, the Association maintains a large septic system and significant concrete retaining walls.

Memorial Lofts Homeowners Association This upscale high rise is located in Houston, Texas. The 20 luxury units include large balconies and decorative interior hallways. The 10-story building utilizes a painted stucco facade and TPO roof, while an on-grade garage serves residents and guests.

PRIOR RELEVANT EXPERIENCE

Mr. Ebert earned his Bachelor of Science degree in Geological Engineering from the University of Wisconsin-Madison. His relevant course work includes foundations, retaining walls, and slope stability. Before joining Reserve Advisors, Mr. Ebert was an oilfield engineer and tested and evaluated hundreds of oil and gas wells throughout North America.

EDUCATION

University of Wisconsin-Madison - B.S. Geological Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado

Reserve Specialist (RS) - Community Associations Institute

Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts

CHRISTOPHER C. DEWALL, P.E., PRA, RS
Vice President of Product Development

CURRENT CLIENT SERVICES

Christopher C. DeWall, a Professional Engineer, is a Vice President for Reserve Advisors. Mr. DeWall has been with Reserve Advisors since 2008 and is responsible for the inspection and analysis of the property's current condition, recommending engineering solutions to prolong the lives of building components, forecasting capital expenditures for the repair and/or replacement of the property components, and technical report preparation on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports for high and midrise buildings, country clubs, and townhomes and homeowner associations. Christopher DeWall often serves as Quality Assurance Reviewer for all types of developments to ensure our reports maintain the level of quality which is expected of our firm.



The following is a partial list of clients served by Christopher DeWall demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

North Bank Condominium Home Owners Association - The definition of old meets new in two conjoined buildings in the arena district of Columbus, Ohio. A 20-story tower of wall-to-ceiling windows was built in 2006 next to the historic A&P grocery warehouse originally constructed in 1926. This unique combination of 103 units provides the option of a converted warehouse style loft or a high-rise apartment with stunning views of the Columbus skyline.

Riverwalk Plaza Condominium Association - This consists of two converted warehouse buildings from the late 1800s in the Third Ward of Milwaukee, Wisconsin. The Association houses 75 loft style units with exposed Cream City brick and is situated directly on the Milwaukee River.

Carillon Adult Master Association - A planned unit development of 2,100+ homes between 16 separate associations in Plainfield, Illinois. This active adult community includes a 32,000-square foot clubhouse complete with wood shop, ceramics room, exercise room, indoor pool and theater. Additional amenities include two outdoor pools, bocce and shuffleboard courts, and tennis/pickle ball courts nestled amongst a private 27-hole golf course.

Prairie Park at Wheeling Condominium Association - This midrise community of 240 units in four buildings is located in Wheeling, Illinois. The property includes an elaborate waterfall at the entrance to the community and a clubhouse with indoor pool for year round entertainment.

Belfair Property Owners Association - A private golf community situated on the Belfair Plantation is five miles from Hilton Head Island. Magnificent oak trees over one hundred years old line the entrance to this property that dates back to the plantation built in 1811. The community amenities include a recently expanded clubhouse, two 18-hole golf courses, pool and exercise buildings and a state-of-the-art 29-acre practice facility. Belfair offers freshwater lakes, saltwater marshes and South Carolina wildlife.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. DeWall attended the University of Wisconsin in Madison, Wisconsin where he attained his Bachelor of Science degree in Mechanical Engineering. At the University of Wisconsin, Mr. DeWall helped design and fabricate a wheelchair with a seat capable of raising and lowering to and from the ground. Mr. DeWall is also the proud owner of a patent for a trigger lock on a pressure washer gun he developed while interning at Briggs and Stratton Power Products.

EDUCATION

University of Wisconsin - B.S. Mechanical Engineering

PROFESSIONAL AFFILIATIONS

Professional Engineer (P.E.) – Wisconsin, Illinois and Florida

Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts

Reserve Specialist (RS) - Community Associations Institute



RESOURCES

Reserve Advisors utilizes numerous resources of national and local data to conduct its Professional Services. A concise list of several of these resources follows:

Association of Construction Inspectors, (ACI) the largest professional organization for those involved in construction inspection and construction project management. ACI is also the leading association providing standards, guidelines, regulations, education, training, and professional recognition in a field that has quickly become important procedure for both residential and commercial construction, found on the web at www.iami.org.

American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., (ASHRAE) the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., devoted to the arts and sciences of heating, ventilation, air conditioning and refrigeration; recognized as the foremost, authoritative, timely and responsive source of technical and educational information, standards and guidelines, found on the web at www.ashrae.org. Reserve Advisors actively participates in its local chapter and holds individual memberships.

Community Associations Institute, (CAI) America's leading advocate for responsible communities noted as the only national organization dedicated to fostering vibrant, responsive, competent community associations. Their mission is to assist community associations in promoting harmony, community, and responsible leadership.

Marshall & Swift / Boeckh, (MS/B) the worldwide provider of building cost data, co-sourcing solutions, and estimating technology for the property and casualty insurance industry found on the web at www.marshallswift.com.

R.S. Means CostWorks, North America's leading supplier of construction cost information. As a member of the Construction Market Data Group, Means provides accurate and up-to-date cost information that helps owners, developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects found on the web at www.rsmeans.com.

Reserve Advisors' library of numerous periodicals relating to reserve studies, condition analyses, chapter community associations, and historical costs from thousands of capital repair and replacement projects, and product literature from manufacturers of building products and building systems.

7. DEFINITIONS

Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 305,000 condominium and homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.

Cash Flow Method - A method of calculating Reserve Contributions where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component Method - A method of developing a Reserve Funding Plan with the total contribution is based on the sum of the contributions for individual components.

Current Cost of Replacement - That amount required today derived from the quantity of a *Reserve Component* and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current *local* market prices for *materials*, *labor* and manufactured equipment, contractors' overhead, profit and fees, but without provisions for building permits, overtime, bonuses for labor or premiums for material and equipment. We include removal and disposal costs where applicable.

Fully Funded Balance - The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost similar to Total Accrued Depreciation.

Funding Goal (Threshold) - The stated purpose of this Reserve Study is to determine the adequate, not excessive, minimal threshold reserve balances.

Future Cost of Replacement - *Reserve Expenditure* derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor and equipment.

Long-Lived Property Component - Property component of Blackburn Creek responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) Blackburn Creek responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in ***Reserve Expenditures*** that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - Future Cost of Replacement of a Reserve Component.

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.

Reserve Study - A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.



8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC ("RA") performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan, to create reserves for anticipated future replacement expenditures of the subject property. The purpose of our energy benchmarking services is to track, collect and summarize the subject property's energy consumption over time for your use in comparison with other buildings of similar size and establishing a performance baseline for your planning of long-term energy efficiency goals.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. Our energy benchmarking services with respect to the subject property is limited to collecting energy and utility data and summarizing such data in the form of an Energy Star Portfolio Manager Report or any other similar report, and hereby expressly excludes any recommendations with respect to the results of such energy benchmarking services or the accuracy of the energy information obtained from utility companies and other third-party sources with respect to the subject property. The reserve report and any energy benchmarking report (i.e., any Energy Star Portfolio Manager Report) (including any subsequent revisions thereto pursuant to the terms hereof, collectively, the "Report") are based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in the Report. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, occupancy or otherwise.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the Report. RA does not provide invasive testing on any mechanical systems that provide energy to the property, nor can RA opine on any system components that are not easily accessible during the inspection. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services, nor does RA investigate vapor, water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions, and RA assumes no responsibility for any such conditions. The Report contains opinions of estimated replacement costs or deferred maintenance expenses and remaining useful lives, which are neither a guarantee of the actual costs or expenses of replacement or deferred maintenance nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. Except to the extent resulting from RA's willful misconduct in connection with the performance of its obligations under this agreement, you agree to indemnify, defend, and hold RA and its affiliates, officers, managers, employees, agents, successors and assigns (each, an "RA Party") harmless from and against (and promptly reimburse each RA Party for) any and all losses, claims, actions, demands, judgments, orders, damages, expenses or liabilities, including, without limitation, reasonable attorneys' fees, asserted against or to which any RA Party may become subject in connection with this engagement, including, without limitation, as a result of any false, misleading or incomplete information which RA relied upon that was supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction or to whom you provided the Report. NOTWITHSTANDING ANY OTHER PROVISION HEREIN TO THE CONTRARY, THE AGGREGATE LIABILITY (IF ANY) OF RA WITH RESPECT TO THIS AGREEMENT AND RA'S OBLIGATIONS HEREUNDER IS LIMITED TO THE AMOUNT OF THE FEES ACTUALLY RECEIVED BY RA FROM YOU FOR THE SERVICES AND REPORT PERFORMED BY RA UNDER THIS AGREEMENT, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. YOUR REMEDIES SET FORTH HEREIN ARE EXCLUSIVE AND ARE YOUR SOLE REMEDIES FOR ANY FAILURE OF RA TO COMPLY WITH ITS OBLIGATIONS HEREUNDER OR OTHERWISE. RA SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, ANY LOST PROFITS AND LOST SAVINGS, LOSS OF USE OR INTERRUPTION OF BUSINESS, HOWEVER CAUSED, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF WARRANTY, STRICT LIABILITY OR OTHERWISE, EVEN IF RA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL RA BE LIABLE FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES. RA DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED OR OF ANY NATURE, WITH REGARD TO THE SERVICES AND THE REPORT, INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of



RA and may be used for whatever purpose it sees fit. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

Your Obligations - You agree to provide us access to the subject property for an inspection. You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. Additionally, you agree to provide historical replacement schedules, utility bills and historical energy usage files that RA requests and deems necessary to complete the energy benchmarking services, and you agree to provide any utility release(s) reasonably requested by RA permitting RA to obtain any such data and/or information from any utility representative or other third party. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of the Report is limited to only the purpose stated herein. You acknowledge that RA is the exclusive owner of all intellectual property rights in and relating to the Report. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and that you will be liable for the consequences of any unauthorized use or distribution of the Report. Use or possession of the Report by any unauthorized third party is prohibited. The Report in whole or in part **is not and cannot be used as a design specification for design engineering purposes or as an appraisal**. You may show the Report in its entirety to the following third parties: members of your organization (including your directors, officers, tenants and prospective purchasers), your accountants, attorneys, financial institutions and property managers who need to review the information contained herein, and any other third party who has a right to inspect the Report under applicable law including, but not limited to, any government entity or agency, or any utility companies. Without the written consent of RA, you shall not disclose the Report to any other third party. By engaging our services, you agree that the Report contains intellectual property developed (and owned solely) by RA and agree that you will not reproduce or distribute the Report **to any party that conducts reserve studies without the written consent of RA**.

RA will include (and you hereby agree that RA may include) your name in our client lists. RA reserves the right to use (and you hereby agree that RA may use) property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - If reserve study and energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and prior to the inspection by RA, and any balance is due net 30 days from the Report shipment date. If only energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and any balance is due net 30 days from the Report shipment date. In any case, any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Unless this agreement is earlier terminated by RA in the event you breach or otherwise fail to comply with your obligations under this agreement, RA's obligations under this agreement shall commence on the date you execute and deliver this agreement and terminate on the date that is 6 months from the date of delivery of the Report by RA. Notwithstanding anything herein to the contrary, each provision that by its context and nature should survive the expiration or early termination of this agreement shall so survive, including, without limitation, any provisions with respect to payment, intellectual property rights, limitations of liability and governing law.

Miscellaneous – Neither party shall be liable for any failures or delays in performance due to fire, flood, strike or other labor difficulty, act of God, act of any governmental authority, riot, embargo, fuel or energy shortage, pandemic, wrecks or delays in transportation, or due to any other cause beyond such party's reasonable control; provided, however, that you shall not be relieved from your obligations to make any payment(s) to RA as and when due hereunder. In the event of a delay in performance due to any such cause, the time for completion or date of delivery will be extended by a period of time reasonably necessary to overcome the effect of such delay. You may not assign or otherwise transfer this agreement, in whole or in part, without the prior written consent of RA. RA may freely assign or otherwise transfer this agreement, in whole or in part, without your prior consent. This agreement shall be governed by the laws of the State of Wisconsin without regard to any principles of conflicts of law that would apply the laws of another jurisdiction. Any dispute with respect to this agreement shall be exclusively venued in Milwaukee County Circuit Court or in the United States District Court for the Eastern District of Wisconsin. Each party hereto agrees and hereby waives the right to a trial by jury in any action, proceeding or claim brought by or on behalf of the parties hereto with respect to any matter related to this agreement.

**BLACKBURN CREEK COMMUNITY
DEVELOPMENT DISTRICT**

Payment Authorization
No. 207

BLACKBURN CREEK COMMUNITY DEVELOPMENT DISTRICT

Payment Authorization 207

PA #	Description	Amount	Total
207	CA Florida Holdings	\$ 167.75	
	Kimley-Horn & Associates	\$ 5,707.19	
	Persson, Cohen, Mooney, Fernandez & Jackson	\$ 1,475.00	
	Reserve Advisors	\$ 2,625.00	
	Supervisor Fees - 10/10/23		
	David Trast	\$ 200.00	
	Phil Davis	\$ 200.00	
	Kirk Fegley	\$ 200.00	
	Kevin Johnson	\$ 200.00	
	James Sverapa	\$ 200.00	
			\$10,974.94
		Total	\$10,974.94

**BLACKBURN CREEK
COMMUNITY DEVELOPMENT DISTRICT**

Payment Authorization No. 207

10/10/2023

Item No.	Payee	Invoice No.	General Fund
1	CA Florida Holdings Legal Ad 2/1	5358582	\$ 167.75
2	Kimley-Horn & Associates District Engineer Operations Through 08/31/2023	25978968	\$ 5,707.19
3	Persson, Cohen, Mooney, Fernandez & Jackson District Counsel through 9/29/2023	25978968	\$ 1,475.00
4	Reserve Advisors Retainer Payment	23100722F-231884	\$ 2,625.00
5	Supervisor Fees - 10/10/2023 Meeting		
	David Trast	2023.10.10	\$ 200.00
	Phil Davis	2023.10.10	200.00
	Kirk Fegley	2023.10.10	200.00
	Kevin Johnson	2023.10.10	200.00
	James Sverapa	2023.10.10	200.00
		TOTAL	<u><u>\$ 10,974.94</u></u>

Secretary / Assistant Secretary

Chairman / Vice Chairman

**BLACKBURN CREEK COMMUNITY
DEVELOPMENT DISTRICT**

District Financial Statements
(provided under separate cover)